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LEGISLATIVE HISTORY

Public Law 86-382 S. 2162

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- Jan. 9, 1959 Sen. Jehnston introduced S. 9h which was referred to the Senate Post Office and Civil Service Committee. Print of bill as introduced.
- June 12, 1959 Sen. Johnston introduced and discussed S. 2162 which was referred to the Senate Post Office and Civil Service Committee. Print of bill and remarks of Sen. Johnston.
- June 22, 1959 Senate subcommittee voted to report S. 2162.
- June 23, 1959 Senate committee postponed action on S. 2162.
- July 1, 1959 Senate committee voted to report S. 2162.
- July 2, 1959 Senate committee reported S. 2162 with amendment. S. Report No. 468. Print of bill and report.
- July 6, 1959 Senate passed over S. 2162 at the request of Sen. Keating.
- July 16, 1959 Senate passed S. 2162 as reported.
- July 20, 1959 S. 2162 was referred to the House Post Office and Civil Service Committee. Print of bill as referred.
- Aug. 18, 1959 House committee voted to report S. 2162.
- Aug. 20, 1959 House committee reported S. 2162 with amendment.
 H. Report No. 957. Print of bill and report.
- Aug. 24, 1959 Summary of S. 2162 as reported by the House Post Office and Civil Service Committee.
- Sept. 1, 1959 House passed S. 2162 under suspension of the rules.
- Sept. 4, 1959 Sen. Johnston submitted his proposed motion that the Senate agree to the House amendment to S. 2162.
- Sept. 10, 1959 Senate concurred in House amendments to S. 2162 with amendments.
- Sept. 14, 1959 House concurred in Senate amendments to S. 2162.
- Sept. 28, 1959 Approved: Public Law 86-382.
- Hearings: Senate Post Office and Civil Service Committee on S. 94.
 April 15, 16, 21, 23, 28, and 30, 1959.
 - House Post Office and Civil Service Committee on S. 2162.
 July and August, 1959.

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FEDERAL EMPLOYEES HEALTH BENEFITS ACT OF 1959. Provides a health benefits program for Federal employees in the executive, legislative, and judicial branches of the Government (including generally enrolled employees who retire after July 1, 1960). Authorizes the enrollment of employees and their families in approved health benefits plans under regulations prescribed by the Civil Service Commission. Authorizes the Commission to contract for or approve the following health benefits plans: service benefit plan (such as the Blue Cross-Blue Shield plans), indemnity benefit plan (such as that commonly provided by commercial insurance companies), employee organization plans, and comprehensive medical plans (including group-practice prepayment plans and individual-practice prepayment plans). Stipulates the type of benefits that may be provided under the health benefits plans. Authorizes the Commission to enter into contracts with qualified carriers for health benefits plans, and prescribes conditions under which such contracts shall be awarded. Provides that the Government's contributions to the subscription charge for each enrolled employee or annuitant shall be 50 percent, but not less than \$1.25 or more than \$1.75 biweekly for a single employee and not less than \$3 or more than \$4.25 hiweekly for an employee and family, subject to certain special exceptions. Authorizes the withholding from the salary of each enrolled employee or annuity of each enrolled annuitant so much as is necessary, after deducting the contribution of the Government, to pay the total charge for his enroll-Provides that the Government's contribution toward the program ment.

THE RESIDENCE OF STREET OF STREET, SALVEY THE RESERVE OF THE PARTY OF THE stress terrors. The set among the set of the latest territories are the to the analysis of the state of the part of the format of the part of the provided the second and second second second second second second and the second s to approve the behalful of the complete and the selection of the the state of the s The Hills of the Appeliance find without the Manager and Appeliance Extended to the contract of th CONTRACTOR OF THE PERSON AND ADDRESS OF THE PERSON OF THE AND THE RESIDENCE OF THE PARTY the second of the contract of the second state of the se -years and the second of the s the common terror of the state and the second section is a second section of the second section of the second section is constitution of the constitution of the constitution of the constitution of

for employees in the executive branch shall be paid from the appropriation or fund which is used for the payment of their salaries.

Creates an employees' health benefits fund, to be administered by the Civil Service Commission, which is made available without fiscal year limitation for the payment of all premiums to approved health benefits plans, and into which all contributions shall be paid. Provides for the establishment in the Civil Service Commission of a Bureau of Retirement and Insurance to perform the functions relating to retirement, life insurance, and health benefits programs. Provides that the health benefits program shall take effect on the first day of the first pay period which begins on or after July 1, 1960.

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A BILL

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S. 94

IN THE SENATE OF THE UNITED STATES

JANUARY 9 (legislative day, JANUARY 8), 1959

Mr. Johnston of South Carolina introduced the following bill; which was read twice and referred to the Committee on Post Office and Civil Service

A BILL

- To provide for Government contribution toward personal health service benefits for civilian officers and employees in the United States service and their dependents, to authorize payroll deductions for participants, and for other purposes.
 - 1 Be it enacted by the Senate and House of Representa-
- 2 tives of the United States of America in Congress assembled,
- 3 That this Act may be cited as the "Federal Employees'
- 4 Health Insurance Act of 1959".
- 5 Sec. 2. In view of the demonstrated values of prepaid
- 6 health service to the well-being and efficiency of employees,
- 7 and the widespread practice, on the part of large private
- 8 employers, of participating with their employees in obtain-
- 9 ing such benefits, the Congress enacts this Act in order that

- 1 the Federal Government shall measure up to the standards
- 2 now commonly set by private employers in this regard, by
- 3 making available to Federal employees and their dependents
- 4 the maximum financial protection against sickness costs, and
- 5 the most comprehensive preventive, diagnostic and curative
- 6 medical care, obtainable for practical financial outlays by
- 7 employees and by the Government.
- 8 SEC. 3. As used in this Act—
- 9 (a) The term "United States" includes the Territories
- 10 and possessions of the United States.
- 11 (b) The term "Commission" means the Civil Service
- 12 Commission.
- 13 (c) The term "carrier" means a voluntary association,
- 14 corporation, or partnership, or other organization which is
- 15 lawfully engaged in providing, or paying for or reimbursing
- 16 the cost of, personal health services under insurance policies
- 17 or contracts, membership contracts, or the like, in considera-
- 18 tion of premium payable to the carrier, including a health
- 19 insurance plan duly sponsored or underwritten by a national
- 20 association of Federal employees.
- 21 (d) The term "Advisory Council" means the Federal
- 22 Employees' Health Benefits Advisory Council created by
- 23 section 17 of this Act.
- 24 (e) The term "dependent" means an employee's
- 25 spouse; an unmarried child under the age of nineteen years,

an unmarried child under the age of twenty-three years who is enrolled in a full-time course of study at an educational institution and who is in fact dependent on the employee for over one-half of his support, or an unmarried child who is incapable of self-support because of a mental or physical incapacity that existed prior to his reaching the age of nine-teen years and who is in fact dependent on the employee for over one-half of his support; or such other persons as are included in such terms by or pursuant to regulations pre-scribed by the Commission after consultation with the Ad-visory Council. The term "child" includes an adopted child

or a stepchild.

establishment means (1) the President with respect to the Executive Office of the President; (2) the Secretary of an executive department with respect to his department, and the highest administrative and policymaking officer or body of any other independent establishment in the executive branch with respect to such an establishment, except that in the case of any establishment governed by a board, commission, or other plural-member body, where the presiding officer of such body is by law designated as the chief executive and administrative officer of such body, he shall be deemed to be the head of such establishment for the purpose of this Act; (3) the Administrative Officer of the United

States Courts with respect to the judicial branch; (4) the 1 Comptroller General of the United States with respect to 2 the General Accounting Office; (5) the Librarian of Con-3 gress with respect to the Library of Congress; (6) the 4 Public Printer with respect to the Government Printing 5 Office; (7) the Architect of the Capitol with respect to the 6 Office of the Architect of the Capitol; (8) with respect to 7 officers and employees of the legislative branch not under 8 the jurisdiction of any other aforementioned officers, the 9 Speaker of the House of Representatives and the President 10 of the Senate jointly, or such other officer or officers as may 11 be specified by concurrent resolution of the Congress, or, 12 with respect to officers or employees under the jurisdiction 13 14 of either House, by resolution of such House; and (9) the 15 Board of Commissioners of the District of Columbia with 16 respect to the municipal government of the District of 17 A. 光學門 Columbia. 18 SEC. 4. (a) Except as provided in subsection (b) of this 19 section, each appointive or elective officer or employee (here-20 inafter called "employee") in or under the executive, judicial, 21 or legislative branch of the United States Government, in-22 cluding a Government-owned or controlled corporation (but 23 not including any corporation under the supervision of the Farm Credit Administration, of which corporation any member of the board of directors is elected or appointed by pri-

- vate interests), and of the municipal government of the 1 2 District of Columbia shall, if the official station of such employee is within the United States (including the Canal 3 Zone) at such time and under such conditions of eligibility as 4 the Commission may by regulation prescribe, come within 5 the purview of this Act. Such regulations may provide for 6 the exclusion of employees on the basis of the nature and 7 type of employment or conditions pertaining thereto such as 8 short-term appointments, seasonal or intermittent employ-9 ment, and employment of like nature, and shall be issued 10 only after consultation with the head of the department, 11 agency or establishment, and with the Advisory Council: 12 Provided, That no employee or group of employees shall be 13
- (b) This Act shall not apply to any individual by reason of his status or service as a "member" of a "uniformed service" as such terms are defined in the Career Compensation Act of 1949, as amended.

excluded solely on the basis of the hazardous nature of em-

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ployment.

SEC. 5. The provisions of this Act for a Government contribution toward the cost of prepaid health benefits and for payroll deductions shall be applicable to any employee within the purview of the Act who elects, for himself or for himself and his dependents, to enroll (subject to the enrollment requirements of the applicable plan) in any one of the follow-

- 1 ing plans approved by the Commission, after consultation
- 2 with the Advisory Council:
- 3 (a) Plans for health benefits which are provided, to the
- 4 maximum extent practicable, on a service basis (that is, a
- 5 basis whereby premium payments shall constitute full pay-
- 6 ment to the providers of the services stipulated in the con-
- 7 tract, without additional charges by the providers) pursuant
- 8 to a contract entered into by or through the Commission in
- 9 accordance with section 9(a);
- (b) Plans for basic health benefits on a cash indemnity
- 11 basis (that is, a basis whereby the carrier agrees to pay
- 12 certain stipulated sums of money, not to exceed the actual
- 13 costs incurred, to the employee or dependent who incurs
- 14 costs or charges under the conditions of the policy) pursuant
- 15 to a policy purchased by the Commission in accordance with
- 16 section 9 (a);
- (c) Plans of hospital, surgical, medical, or other per-
- 18 sonal health services (or any combination of such services)
- 19 duly sponsored or underwritten by a national association of
- 20 Federal employees of which the employee is a member; or
- 21 (d) Group practice prepayment plans.
- Sec. 6. (a) Each employee to whom this Act applies

- 1 will be enrolled, for himself or for himself and his dependents,
- 2 for the nonoccupational group major medical expenses insur-
- 3 ance for benefits provided in paragraph (c).
- 4 (b) The Commission, after consultation with the Ad-
- 5 visory Council, is authorized, without regard to section
- 6 3709 of the Revised Statutes, as amended, to purchase from
- 7 one or more insurance companies, as determined by it, a
- 8 policy or policies of insurance to provide the nonoccupational
- 9 group major medical expense insurance benefits specified
- 10 in this Act: Provided, That any such company must meet
- 11 the following requirements: (1) Be licensed under the
- 12 laws of thirty-six out of the forty-nine States of the United
- 13 States and the District of Columbia to issue group health
- 14 insurance; it shall be further required that the thirty-six
- 15 States shall have at least 60 per centum of the population
- 16 of the United States; and (2) its total group health insur-
- 17 ance benefit payments incurred in the United States, ex-
- 18 cluding loss of income payments, during the most recent
- 19 calendar year for which information is available to the
- 20 Commission shall equal at least 1 per centum of all such
- 21 payments incurred in the United States by all domestic
- 22 companies during such year.
- 23 (c) Nonoccupational group major medical expense

- 1 insurance shall provide the following benefits for medical,
- 2 surgical, and hospital expenses incurred in a calendar year
- 3 by each individual covered by the policy:
- 4 (1) 75 per centum of the amount by which the
- 5 covered medical, surgical, and hospital expenses exceed the
- 6 sum of any cash or service benefits provided to such covered
- 7 individual for covered medical, surgical, and hospital ex-
- 8 penses under any other policy or contract of insurance under
- 9 this Act and the applicable medical expense deductible. The
- 10 medical expenses deductible shall be as follows:

Annual Salary	Medical Expense Deductible
Under \$6,000	\$100
\$6,000 through \$10,999	200
\$11,000 and over	300

- (d) The additional extended or major medical benefits 11 offered under subsection (a) above shall not, however, du-12 plicate, replace, or substitute for the basic benefits offered 13 under section 9(c), nor shall any carrier curtail the scope 14 or amount of the protection afforded by programs now in 15 existence in consideration of the fact that extended or major 16 17 medical benefits are to be made available to Federal 18 employees.
- 19 (e) The premium rates established under the major 20 medical contract referred to in this section shall, with respect 21 to classes of subscribers enrolled in the alternative plans of

- 1 basic benefits provided for under section 5, take into account
- 2 the scope of basic benefits provided by such plans.
- 3 Sec. 7. A written notice by an employee to whom this
- 4 Act applies, to the head of his employing establishment, on
- 5 a form prescribed by the Commission, stating that he has
- 6 enrolled or desires to enroll under a plan or policy of his
- 7 choice under section 5 shall, subject to the employee's right
- 8 to withdraw such notice in accordance with the regulations
- 9 of the Commission, be deemed to authorize deductions from
- 10 the employee's pay in accordance with section 10(a). If
- 11 an employee to whom this Act applies has a spouse who is
- 12 also an employee to whom this Act applies, either spouse
- 13 (but not both) may file a notice of enrollment for self and
- 14 dependents under this Act; or either spouse (or both) may
- 15 enroll for himself or herself alone.
- 16 Sec. 8. On each anniversary of his enrollment under
- 17 section 7 of this Act, but not earlier, each employee may
- 18 exercise the right to transfer from one plan or policy offered
- 19 under section 5 to another, subject to the enrollment require-
- 20 ments of the respective plans or policies and the regulations
- 21 of the Commission. The exercise of this right shall require
- 22 formal notice on a form prescribed by the Commission, which
- 23 must be submitted to the head of the employing establish-

- 1 ment within a reasonable period, as determined by the Com-
- 2 mission, prior to the anniversary date.
- 3 Sec. 9. (a) The Commission is authorized, without
- 4 regard to section 3709 of the Revised Statutes, to enter
- 5 into a contract with one or more carriers which provide
- 6 health benefits primarily through contracts or agreements
- 7 with physicians or hospitals for the provision of prepaid basic
- 8 health benefits to be furnished to the maximum extent prac-
- 9 ticable on a service basis; and to purchase from one or more
- 10 carriers an insurance policy for the provision of such basic
- 11 benefits on a cash indemnity basis. Each such contract or
- 12 policy shall be for a term of not to exceed one year, but
- 13 may be made automatically renewable in the absence of
- 14 notice of termination by either party.
- (b) Subscription charges and premiums for benefits
- 16 elected under section 5 shall reasonably and equitably reflect
- 17 the cost of the benefits provided.
- 18 (c) Basic benefits, for the purposes of this section, shall
- 19 consist of:
- 20 (1) Benefits which the Commission, after consultation
- 21 with the Advisory Council, finds equivalent to the full cost
- 22 of hospital care in semiprivate accommodations for one
- 23 hundred and twenty days in any period of continuous hospi-
- 24 talization, or for one hundred and twenty days in the aggre-

- 1 gate in any periods of hospitalization separated by ninety
- 2 days or less;
- 3 (2) Benefits which the Commission, after consulta-
- 4 tion with the Advisory Council, finds to be reasonable and
- 5 desirable with respect to medical and surgical services during
- 6 such periods of hospitalization; and
- 7 (3) Such benefits with respect to services to hospital
- 8 outpatients and other ambulatory patients as the Commis-
- 9 sion after consultation with the Advisory Council, finds to
- 10 be reasonable and desirable, including diagnostic and treat-
- 11 ment services, surgical services, and services in cases of
- 12 accidental injury.
- The benefits referred to above may be subject to such
- 14 exclusions as the Commission, after consultation with the
- 15 Advisory Council, finds to be necessary and desirable to
- 16 avoid duplication of services or benefits otherwise available

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- 17 or for other reasons.
- 18 SEC. 10. (a) For each employee for whom there is in
- 19 effect a notice of enrollment in a plan in accordance with
- 20 section 7, there shall be contributed by the Government an
- 21 amount equal to (1) two-thirds of the premium or sub-
- 22 scription charges for the basic insurance coverage and the
- 23 full cost of the extended or major medical insurance benefits,
- 24 or (2) an amount equal to \$2.50 biweekly for an em-

- 1 ployee or \$7 biweekly for an employee and his dependents
- 2 (or corresponding amounts in the case of employees paid
- 3 on other than a biweekly basis); whichever is the lesser.
- 4 The remainder of such subscription charges or premiums
- 5 shall be withheld from payments of salary to the employee.
- 6 (b) The sums contributed by the Government and the
- 7 sums withheld from salaries under the foregoing subsection
- 8 shall be paid by the heads of the respective establishments
- 9 to the Health Benefits Fund established under section 11.
- 10 (c) Appropriations available to each of the employing
- 11 establishments and to the Commission for salaries and ex-
- 12 penses shall be available for necessary administrative ex-
- 13 penses of carrying out the purposes of this Act. There are
- 14 hereby authorized to be appropriated, to the employing
- establishments and to the Commission, such sums as may be
- 16 required under this Act for expenses of administration.
- SEC. 11. There is hereby created a "Federal Employees"
- 18 Health Benefits Fund," hereinafter referred to as the "Health
- 19 Benefits Fund," from which all premium or subscription
- 20 charge payments shall be made to such central agencies as
- 21 may be established by the participating carriers, and ap-
- 22 proved by the Commission, after consultation with the Advi-
- sory Council, to facilitate the administration of this Act. The
- amounts withheld from the salaries of employees and the
- annuities of retired employees, and the amounts contributed

by the Government toward the cost of health benefits for such 1 employees, shall be paid into the Health Benefits Fund. The 2 income derived from any dividends, premium rate credits or 3 other refunds, or from interest earnings on amounts held in 4 reserve shall be credited to and constitute a part of the 5 Health Benefits Fund. Any amounts remaining in such 6 fund after all premium or subscription charges have been 7 paid shall be retained as a special reserve for adverse fluctu-8 ations in future charges, or for the advance funding of the 9 cost of insurance coverage for retired employees, or may be 10 applied to reduce the premium or subscription cost of, or to 11 increase the benefits provided by, the plan or plans from 12 which such proceeds are derived, as the Commission, after 13 consultation with the Advisory Council, shall from time to 14 time determine. 15 SEC. 12. (a) The Commission, after consultation with 16 the Advisory Council, shall prescribe regulations fixing min-17 imum standards for participating prepaid health plans, and it 18 shall not enter into any contract or purchase any policy under 19 section 9, or approve any plan for purposes of sections 5 and 20 6, which does not comply with such standards. Approval 21 of such a plan shall not be withdrawn except after notice 22 and opportunity for hearing to the carrier or carriers and to 23

(b) No contract shall be made, policy purchased, or

the employees concerned.

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- 1 plan approved, which excludes employees because of race
- 2 or sex or, at the time of the first opportunity to enroll, be-
- 3 cause of age.
- 4 (c) No contract shall be made, policy purchased, or
- 5 plan approved which does not offer to employees, whose em-
- 6 ployment under the purview of this Act is terminated, the
- 7 option to convert their health benefits coverage to an indi-
- 8 vidual contract. The terminated employee who exercises
- 9 this option shall pay the full cost of the individual contract,
- 10 on such terms or conditions as may be approved by the Com-
- 11 mission, after consultation with the Advisory Council.
- (d) The benefits and coverage made available pursuant
- 13 to the provisions of this Act shall be noncancellable by the
- 14 carrier as to any individual subscriber, except for fraud or
- 15 nonpayment of premiums on the part of the subscriber.
- 16 Sec. 13. (a) No contract shall be made or policy pur-
- 17 chased under section 9 which does not provide that, as long
- 18 as the contract or policy is in effect, the stipulated benefits
- 19 will be provided to retired employees and to the survivors
- 20 of the deceased employees in accordance with this section.
- 21 The provisions of this section shall also be applicable to
- 22 any other plan approved by the Commission (including any
- 23 plan for extended or major medical benefits referred to in
- 24 section 6.
- 25 (b) The benefits provided pursuant to this section to

- 1 retired employees shall be available under any plan to any
- 2 employee who (1) is retired on an immediate annuity under
- 3 the Civil Service Retirement Act or other retirement system
- 4 for Government employees, (2) has made contributions to
- 5 an approved plan either (A) during the last year of his
- 6 creditable civilian service immediately preceding his retire-
- 7 ment, or (B) during the entire period of his creditable serv-
- 8 ice after December 31, 1959, until his retirement, and (3)
- 9 elects to enroll for such benefits, for himself or for himself
- 10 and his dependents.
- 11 (c) The benefits provided pursuant to this section to
- 12 survivors of deceased employees shall be available under any
- 13 plan to any survivor of a deceased employee if (1) the sur-
- 14 vivor is entitled to an immediate annuity under the Civil
- 15 Service Retirement Act or other retirement system for Gov-
- 16 ernment employees, (2) the employee has contributed to an
- 17 approved plan either for the last year of creditable service
- 18 immediately preceding his death or during all of his creditable
- 19 service from December 31, 1959, until his death, and during
- 20 such period the survivor (if then living) was covered as a
- 21 dependent of the employee, and (3) the survivor elects to
- 22 enroll for such benefits. Entitlement of a survivor under this
- 23 subsection shall cease when he ceases to be entitled to an
- 24 annuity under the Civil Service Retirement Act or other re-
- 25 tirement system for Government employees.

(d) The amount of subscription charge or premium to 1 be paid by a retired employee or a survivor of a deceased 2 employee under this section shall not exceed the amounts 3 paid by active employees in the same region enrolled for 4 the same health benefits; and the amount to be paid by the 5 retired employee or the survivor shall be withheld from his 6 annuity and paid into the Health Benefits Fund. The re-7 8 mainder of the cost of the benefits, and any amounts which may be allocated to finance such benefits in advance for 9 employees to be retired in the future, shall be contributed by 10 the Government to the Health Benefits Fund. 11 12 Sec. 14. Any employee enrolled in a plan under this 13 Act who is removed or suspended without pay and later 14 reinstated or restored to duty on the ground that such re-15 moval or suspension was unjustified or unwarranted shall 16 not be deprived of coverage or benefits for the interim but 17 shall have his coverage restored to the same extent and effect 18 as though such removal or suspension had not taken place, 19 and equitable adjustments shall be made in premiums, sub-20 scription charges, contributions, and claims. 21 Sec. 15. Each employee enrolled in accordance with this 22 Act shall receive either a contract or certificate, as specified 23 in the plan or policy, setting forth the services or benefits 24 to which the employee, or the employee and his dependents, 25 are entitled thereunder, to whom monetary benefits shall be

1 payable, the procedure for submitting claims, and containing

2 or summarizing the principal provisions of the policy or plan

3 affecting the employee or the employee and his dependents.

4 Sec. 16. The Commission is authorized to prescribe such 5 regulations as it finds necessary, after consultation with the Advisory Council, for the administration of this Act, includ-6 ing regulations with respect to the manner in which em-7 ployees shall give notice of enrollment under section 7, S regulations governing continued coverage during temporary 9 absence without pay, and the conditions (relating to rea-10 11 sonable notice to the employees affected) under which a plan 12 approved by the Commission may be withdrawn. Regula-13 tions, procedures, and forms relating to the fiscal and ac-14 counting aspects of the administration of this Act shall be 15 subject to the approval of the Comptroller General.

16 SEC. 17. There is hereby established a Federal Em-17 ployees Health Benefits Advisory Council, to be appointed 18 by the President and to consist of not more than fifteen per-19 sons, one of whom shall be designated to serve as Chairman 20 of the Advisory Council. At least nine of the members of the 21 Advisory Council shall consist of representatives of bona fide 22 Federal employee associations, and shall serve without com-23 pensation, except for actual and necessary travel and sub-24 sistence expenses while so serving away from their places of The other members of the Advisory Council, 25 residence.

shall be persons experienced in the administration of prepaid 1 health benefits or in the rendition of services under prepaid 2 health benefit plans, and shall be compensated while serving 3 on business of the Council, at such rate, not in excess of \$50 4 per day, as the Chairman of the Commission may determine, 5 and shall also be entitled to receive an allowance for actual 6 and necessary travel and subsistence expenses while so serv-7 ing away from their places of residence. It shall be the duty 8 9 of the Advisory Council to review from time to time the operation and administration of this Act; to receive reports 10 and information with respect thereto from employees and 11 their representatives; to consult with and advise the Civil 12 Service Commission, and when it deems necessary the em-13 ploying establishments, in regard to the administration of this 14 15 Act; and to make recommendations to the Commission with 16 respect to the amendment of this Act or improvements in its 17 administration. Each member of the Advisory Council shall 18 hold office for three years; except that of the members first 19 appointed, one-third shall hold office for one year and one-20 third for two years; and that a member appointed to fill a 21 vacancy occurring prior to the expiration of a term shall 22 hold office for the remainder of such term. The Council shall 23 meet not less often than quarterly, on call of the Chairman of the Civil Service Commission or on request of any three 24 25 members of the Council. The Commission shall provide the

- 1 Council with the secretarial and clerical staff necessary and
- 2 appropriate to the performance of its functions.
- 3 Sec. 18. The Civil Service Commission shall make a
- 4 continuing study of the operation and administration of this
- 5 Act; including surveys and reports on health insurance plans
- 6 available to employees and on the experience of plans receiv-
- 7 ing contributions under this Act, with respect to such matters
- 8 as gross and net cost, administrative cost, benefits, utiliza-
- 9 tion of benefits, and the portion of the actual personal
- 10 expenditures of Federal employees for health care which is
- 11 being met by prepaid benefits. The Commission shall from
- 12 time to time make reports to the Congress and to the Advi-
- 13 sory Council, on the results of such studies, and recommenda-
- 14 tions with respect to the amendment of this Act. The
- 15 Council shall make such reports and recommendations avail-
- able generally to employees to whom this Act applies.
- SEC. 19. The district courts of the United States shall
- 18 have original jurisdiction, concurrent with the Court of
- 19 Claims, of any civil action or claim against the United
- 20 States founded upon this Act.
- 21 Sec. 20. This Act, including provisions for withholding
- ²² and contributions, shall become effective on July 1, 1959,
- or to the extent so provided in regulations of the Commission,
- 24 on the first day of the first pay period after that date.

BILL

To provide for Government contribution toward personal health service benefits for civilian officers and employees in the United States service and their dependents, to authorize payroll deductions for participants, and for other purposes.

By Mr. Johnston of South Carolina

January 9 (legislative day, January 8), 1959 Read twice and referred to the Committee on Post Office and Civil Service 5, 2162

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A SHILL



S. 2162

IN THE SENATE OF THE UNITED STATES

June 12, 1959

Mr. Johnston of South Carolina (for himself and Mr. Neuberger) introduced the following bill; which was read twice and referred to the Committee on Post Office and Civil Service

A BILL

To provide a health benefits program for Government employees.

- Be it enacted by the Senate and House of Representa-
- 2 tives of the United States of America in Congress assembled,
- 3 That this Act may be cited as the "Federal Employees
- 4 Health Benefits Act of 1959".
- 5 DEFINITIONS
- 6 SEC. 2. As used in this Act—
- 7 (a) The term "employee" means an appointive or elec-
- 8 tive officer or employee in or under the executive, judicial,
- 9 or legislative branch of the United States Government, in-
- 10 cluding a Government-owned or controlled corporation (but
- 11 not including any corporation under the supervision of the

- 1 Farm Credit Administration, of which corporation any mem-
- 2 ber of the board of directors is elected or appointed by private
- 3 interests), and of the municipal government of the District
- 4 of Columbia, and includes an Official Reporter of Debates of
- 5 the Senate and a person employed by the Official Reporters
- 6 of Debates of the Senate in connection with the performance
- 7 of their official duties, and an employee of Gallaudet College,
- 8 but does not include (1) a member of a "uniformed service"
- 9 as such term is defined in section 1072 of title 10 of the
- 10 United States Code, or (2) a noncitizen employee whose
- 11 permanent-duty station is located outside a State of the
- 12 United States or the District of Columbia.
- 13 (b) The term "annuitant" means (1) an employee who
- 14 on or after the effective date of the provisions referred to in
- 15 section 16(b) retires on an immediate annuity, under the
- 16 Civil Service Retirement Act or other retirement system for
- 17 civilian employees of the Government, after twelve or more
- 18 years of service or for disability, (2) a member of a family
- 19 who receives an immediate annuity as the survivor of a
- 20 retired employee described in clause (1), or of an employee
- 21 who dies on or after such effective date after completing
- 22 five or more years of service, (3) an employee who receives
- 23 monthly compensation under the Federal Employees Com-
- 24 pensation Act as a result of injury sustained or illness con-
- 25 tracted on or after such effective date and who is determined

- 1 by the Secretary of Labor to be unable to return to duty,
- 2 and (4) a member of a family who receives monthly com-
- 3 pensation under the Federal Employees Compensation Act
- 4 as the surviving beneficiary of (i) an employee who dies
- 5 after completing five or more years of service as a result of
- 6 injury sustained or illness contracted on or after such effective
- 7 date or (ii) a former employee who is separated after com-
- 8 pleting five or more years of service and who dies while
- 9 receiving monthly compensation under such Act on account
- 10 of injury sustained or illness contracted on or after such
- 11 effective date. For the purpose of this subsection, "service"
- 12 means service which is creditable for the purposes of the
- 13 Civil Service Retirement Act.
- 14 (c) The term "member of family" means an employee's
- 15 or annuitant's spouse, unmarried child under the age of nine-
- 16 teen years (including (1) an adopted child, and (2) a step-
- 17 child or recognized natural child who lives with and receives
- 18 more than one-half his support from the employee or annui-
- 19 tant in a regular parent-child relationship), or unmarried
- 20 child regardless of age who is incapable of self-support be-
- 21 cause of a mental or physical incapacity that existed prior to
- 22 his reaching the age of nineteen years and who is in fact de-
- 23 pendent on the employee or annuitant for over one-half his
- 24 support.
- 25 (d) The term "dependent husband" means a husband

- 1 who is incapable of self-support by reason of mental or physi-
- 2 cal disability, and who receives more than one-half his sup-
- 3 port from the employee or annuitant.
- 4 (e) The term "health benefits plan" means an insurance
- 5 policy or contract, medical or hospital service agreement,
- 6 membership or subscription contract or similar arrangement
- 7 provided by a carrier for the purpose of providing, paying
- 8 for or reimbursing expenses for health services.
- 9 (f) The term "carrier" means a voluntary association,
- 10 corporation, or partnership, or other organization (other
- 11 than an agency or instrumentality of the Federal Govern-
- 12 ment or of any State or political subdivision thereof) which
- 13 is lawfully engaged in providing, or paying for or reim-
- 14 bursing the cost of, health services under insurance policies
- 15 or contracts, medical or hospital service agreements, mem-
- 16 bership or subscription contracts, or similar arrangements, in
- 17 consideration of premiums or other periodic charges payable
- 18 to the carrier, including a health benefits plan duly sponsored
- 19 or underwritten by a national employee organization.
- 20 (g) The term "Commission" means the Civil Service
- 21 Commission.
- 22 (h) The term "national employee organization" means
- 23 a bona fide labor organization, national in scope, which
- 24 represents only employees of one or more departments or
- 25 agencies of the Government.

1 ELECTION OF COVERAGE

- 2 SEC. 3. (a) This Act shall apply to any employee who, at such time, in such manner, and under such conditions of 3 eligibility as the Commission may by regulation prescribe, 4 elects to enroll in a health benefits plan described in section 4 5 6 either for himself alone or for himself and members of his family. Such regulations may provide for the exclusion of 7 employees on the basis of the nature and type of employ-8 ment or conditions pertaining thereto such as short-term ap-9 pointments, seasonal or intermittent employment, and em-10 11 ployment of like nature, but no employee or group of employees shall be excluded solely on the basis of the hazardous 12 nature of employment. 13
- (b) This Act shall apply to any annuitant who at the 14 time he becomes an annuitant shall have been enrolled in 15 a health benefits plan under this Act (1) for a period not 16 17 less than (i) five years, or (ii) the period beginning on the 18 last day of the first period, as prescribed by regulations of the Commission, in which he is eligible to enroll in such a 19 plan and ending on the date on which he becomes an annui-20 tant, whichever is shorter, or (2) as a member of the family 21 of an employee or annuitant. 22
- (c) If an employee has a spouse who is an employee,
 either (but not both) may enroll for himself and members
 of his family, or either spouse may enroll for himself alone,

- 1 but no person may be enrolled both as an employee (or an-
- 2 nuitant) and as a member of the family.
- 3 (d) A change in the coverage of any employee or annui-
- 4 tant, or of any employee or annuitant and members of his
- 5 family, enrolled in a health benefits plan under this Act
- 6 may be made by the employee or annuitant only upon appli-
- 7 cation filed within sixty days after the occurrence of a change
- 8 in family status or at such other times and under such con-
- 9 ditions as may be prescribed by regulations of the Com-
- 10 mission.
- (e) A transfer of enrollment from one health benefits
- 12 plan described in section 4 to another such plan shall be
- 13 made by an employee or annuitant only at such time or
- 14 times and under such conditions as may be prescribed by
- 15 regulations of the Commission.
- 16 HEALTH BENEFITS PLANS
- 17 Sec. 4. The Commission may approve the following
- 18 types of health benefits plans:
- 19 (1) SERVICE BENEFIT PLAN.— A service benefit plan
- 20 is one under which in whole or substantial part the physi-
- 21 cians, hospitals, or other providers of covered health serv-
- 22 ices agree, under certain conditions, to accept the payment
- 23 provided by the plan as full payment for covered services
- 24 rendered by them.
- 25 (2) INDEMNITY BENEFIT PLAN.—An indemnity bene-

- 1 fit plan is one under which the carrier agrees to pay to the
- 2 employee or annuitant, or member of his family, who incurs
- 3 expenses for health services covered under the conditions of
- 4 the policy, certain stipulated sums of money not in excess
- 5 of the actual expenses incurred.
- 6 (3) EMPLOYEE ORGANIZATION PLAN.—An employee
- 7 organization plan is one which is sponsored, contracted for,
- 8 and administered in whole or substantial part, by a national
- 9 employee organization, which is available only to persons
- 10 who are or have been members of the sponsoring organiza-
- 11 tion, and which provided benefits for health services to mem-
- 12 bers of the sponsoring organization on January 1, 1959.
- 13 (4) GROUP-PRACTICE PREPAYMENT PLAN.—A group-
- 14 practice prepayment plan is one which offers health services
- 15 in whole or in substantial part on a prepaid basis, with pro-
- 16 fessional services thereunder provided by physicians prac-
- 17 ticing as a group in a common center or centers. Such a
- 18 group shall include physicians qualified in at least three
- 19 major medical specialties and receive all or a substantial
- 20 part of its income from the prepaid funds.
- 21 BENEFITS TO BE PROVIDED UNDER PLANS
- SEC. 5. (a) To the extent possible with the funds avail-
- 23 able under this Act, the benefits to be provided under
- 24 plans described in section 4 shall be the following:
- 25. (1) Hospital benefits.—Benefits which the Com-

- 1 mission finds to be equivalent to the full cost of hospital
- 2 care in semiprivate accommodations in a general or acute
- 3 special hospital for one hundred and twenty days in any
- 4 period of continuous care or for one hundred and twenty
- 5 days in the aggregate in any periods of such hospitalization
- 6 separated by ninety days or less except that such continuous
- 7 or aggregate periods in the case of tuberculosis and nervous
- 8 and mental conditions shall be thirty days.
- 9 (2) SURGICAL BENEFITS.—Benefits which the Com-
- 10 mission finds to be equivalent to the reasonable, necessary,
- 11 and customary charges for surgical services, and for care
- 12 of abnormal deliveries, made to persons with incomes less
- 13 than those of the one-quarter of Federal employees earning
- 14 the highest incomes.
- 15 (3) IN-HOSPITAL MEDICAL BENEFITS.—Benefits which
- 16 the Commission finds to be equivalent to the reasonable,
- 17 necessary, and customary charges for medical services ren-
- 18 dered during periods of hospitalization for which benefits
- 19 are provided under paragraph (1) to persons with incomes
- 20 less than those of the one-quarter of Federal employees
- 21 earning the highest incomes.
- 22 (4) Ambulatory patient benefits.—Benefits for
- 23 services to hospital outpatients and other ambulatory pa-
- 24 tients which the Commission finds to be practicable, reason-
- 25 able, and desirable with respect to diagnostic and treatment

- 1 services, surgical services, and services in cases of accidental
- 2 injury.
- 3 (5) Supplemental benefits.—Benefits equal to (a)
- 4 80 per centum of so much of the additional charges for health
- 5 services for each individual for each illness as exceeds \$100
- 6 but does not exceed \$1,500, plus (b) the amount of any such
- 7 additional charges in excess of \$1,500 under such conditions
- 8 and such maximums as may be determined appropriate by
- 9 the Commission. For the purpose of this paragraph, "ad-
- 10 ditional charges for health services" means the amount by
- 11 which the charges for health services for which supplemental
- 12 benefits are provided exceed any cash or service benefits pro-
- 13 vided under paragraphs (1), (2), (3), and (4). The sup-
- 14 plemental benefits provided for under this paragraph shall
- 15 not duplicate or replace the benefits provided for under para-
- 16 graphs (1), (2), (3), and (4).
- 17 (6) Obstetrical benefits for normal deliver-
- 18 IES.—Benefits which shall not exceed \$100 for hospital serv-
- 19 ices and \$100 for professional services for normal delivery,
- 20 prenatal, and post partum care, and which shall be in lieu
- 21 of all benefits for such services under paragraphs (1), (2),
- 22 (3), (4), and (5).
- (b) The description contained in subsection (a) of the
- 24 scope and value of the benefits to be provided under health

benefits plans shall not be construed to preclude the provision of alternative benefits under such plans. The Commission may authorize, in lieu of the benefits described in subsection (a), alternative benefits which it determines to be equally acceptable under this Act and which may include deductible and coinsurance provisions applicable to some or all of the alternative benefits.

CONTRACTING AUTHORITY

8

- SEC. 6. (a) The Commission is authorized, without re-9 gard to section 3709 of the Revised Statutes or any other 10 provision of law requiring competitive bidding, to enter into, 11 or authorize enrollment under, a contract or contracts with, 12 or to purchase a policy or policies from, qualified carriers 13 offering plans described in section 4 and providing at least 14 the benefits described in section 5. Each such contract or 15 policy shall be for a uniform term of at least one year, but 16 may be made automatically renewable from year to year in 17 the absence of notice of termination by either party. 18
- (b) Any contract or policy under this Act shall contain
 20 a detailed statement of benefits offered and shall include
 21 such maximums, exclusions, and other definitions of benefits
 22 as the Commission may deem necessary and desirable.
- (c) The Commission shall prescribe regulations fixing
 reasonable minimum standards for health benefit plans de-

- 1 scribed in section 4 and for carriers offering such plans. The
- 2 Commission shall not approve any plan or enter into a con-
- 3 tract with or purchase a policy from any carrier unless such
- 4 plan or such carrier, as the case may be, complies with such
- 5 standards. Approval of such a plan shall not be withdrawn
- 6 except after notice and opportunity for hearing to the carrier
- 7 or carriers and to the employees concerned.
- 8 (d) No contract shall be made, policy purchased, or
- 9 plan approved, which excludes employees or annuitants
- 10 because of race, sex, health status, or, at the time of the
- 11 first opportunity to enroll, because of age.
- (e) No health benefits plan shall be approved which
- 13 does not offer to employees and annuitants, whose employ-
- 14 ment or annuity status under the purview of this Act is
- 15 terminated, the option to convert, without evidence of good
- health, to individual contracts providing health benefits. A
- terminated employee or annuitant who exercises this option
- 18 shall pay the full cost of the individual contract, on such
- 19 terms or conditions as are prescribed by the carrier and
- approved by the Commission.
- 21 (f) The benefits and coverage made available pursuant
- 22 to the provisions of paragraph (e) shall be noncancelable
- by the carrier as to any individual, except for fraud, over-

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insurance, or nonpayment of premiums.

- 1 (g) Subscription charges and premiums under health
- 2 benefits plans described in section 4 shall reasonably and
- 3 equitably reflect the cost of the benefits provided.

4 CONTRIBUTIONS

- 5 Sec. 7. (a) (1) If an employee or annuitant enrolls
- 6 in a health benefits plan under this Act for himself only
- 7 there shall be withheld from the salary of such employee,
- 8 or annuity of such annuitant, as his contribution an amount
- 9 not to exceed \$1.75 biweekly, and the Government shall
- 10 contribute a like amount.
- 11 (2) Except as provided in paragraph (3), if an em-
- 12 ployee or annuitant enrolls in a health benefits plan under
- 13 this Act for himself and members of his family there shall
- 14 be withheld from the salary of such employee, or the annuity
- 15 of such annuitant, as his contribution an amount not to ex-
- 16 ceed \$4.25 biweekly, and the Government shall contribute
- 17 a like amount.
- 18 (3) If a member of the family of a female employee or
- 19 an annuitant who enrolls in a health benefits plan under this
- 20 Act for herself and members of her family is a husband,
- 21 other than a dependent husband, there shall be withheld
- 22 from the salary of such employee or annuitant as her con-
- 23 tribution an amount not to exceed \$6 biweekly, and the
- 24 Government shall contribute an amount not to exceed \$2.50
- 25 biweekly.

- 1 (b) An employee enrolled in a health benefits plan
- 2 under this Act who is placed in a leave without pay status
- 3 may be authorized to continue his coverage, and the coverage
- 4 of members of his family, under such plan for a period not
- 5 to exceed one year in accordance with regulations prescribed
- 6 by the Commission. Such regulations may provide for
- 7 waiving the requirement of contributions by the employee
- 8 and the Government for all or any part of the period of
- 9 leave without pay.
- 10 (c) The sums authorized to be contributed by the Gov-
- 11 ernment with respect to any employee shall be paid from
- 12 the respective appropriation or fund which is used for pay-
- 13 ment of his salary, wage, or other compensation (or, (1)
- 14 in the case of an elected official, from such appropriation or
 - fund as may be available for payment of other salaries of the
- 16 same office or establishment, and (2) in the case of an
- 17 employee in a leave without pay status, from the appropria-
- 18 tion or fund which would be used for the payment of the
- 19 salary of such employee if he were in a pay status). The
- 20 sums authorized to be contributed by the Government with
- 21 respect to any annuitant shall be paid from annual appro-
- 22 priations which are hereby authorized to be made for such
- 23 purpose.

15

24 (d) The Commission shall provide by regulation for 25 conversion of rates of contribution specified in this section in

- 1 the case of employees paid on other than a biweekly basis,
- 2 and for such purpose may provide for adjustment of any
- 3 such rate to the nearest cent.
- 4 FEDERAL EMPLOYEES' HEALTH BENEFITS FUND
 - 5 Sec. 8. There is hereby created a Federal Employees'
 - 6 Health Benefits Fund, hereinafter referred to as the "Fund",
 - 7 which is hereby made available without fiscal year limi-
 - 8 tation for the payment of all premiums or subscription
 - 9 charges under policies or contracts purchased or entered into
- 10 under section 6. The amounts withheld from the salaries
- 11 of employees and the annuities of annuitants, and the amounts
- 12 contributed by the Government toward the cost of health
- 13 benefits for such employees and annuitants, shall be paid
- 14 into the Fund. The income derived from any dividends,
- 15 premium rate credits or other refunds shall be credited to
- 16 and constitute a part of the Fund. There shall be set aside
- 17 in the Fund from time to time such amounts, not to exceed
- 18 1 per centum of the amounts paid into the Fund for any
- 19 fiscal year, as may be necessary to pay administrative ex-
- 20 penses for such year for which appropriations are made
- 21 under section 9. Any amounts remaining in such Fund
- 22 after all premium or subscription charges have been paid,
- 23 and after the amounts referred to in the preceding sentence
- 24 have been set aside, shall be retained as a special reserve for
- 25 adverse fluctuations in future charges, or may be applied to

- 1 reduce the contributions of employees and the Government
- 2 to, or to increase the benefits provided by, the plan from
- 3 which such amounts are derived, as the Commission shall
- 4 from time to time determine. The Secretary of the Treasury
- 5 is authorized to invest and reinvest any of the moneys in the
- 6 fund in interest-bearing obligations of the United States and
- 7 to sell such obligations of the United States for the purposes
- 8 of the Fund. The interest on and the proceeds from the
- 9 sale of any such obligations shall become a part of the
- 10 Fund.

11

ADMINISTRATIVE EXPENSES

- 12 Sec. 9. There are hereby authorized to be appropriated
- 13 for fiscal year 1960 such sums as may be necessary to pay
- 14 administrative expenses incurred by the Commission in car-
- 15 rying out the provisions of this Act. The Federal em-
- 16 ployees' health benefits fund is hereby made available,
- 17 within such limitations as may be specified annually by the
- 18 Congress, to pay such expenses for fiscal year 1961 and sub-
- 19 sequent fiscal years.

20 REGULATIONS

- Sec. 10. (a) The Commission is authorized to promul-
- 22 gate such regulations as may be necessary to carry out the
- 23 provisions of this Act.
- 24 (b) Regulations of the Commission shall include regu-
- 25 lations with respect to the beginning and ending dates of

- 1 coverage of employees and annuitants and members of their
- 2 families under health benefit plans, and for such purpose may
- 3 permit such coverage to continue until the end of the pay
- 4 period in which an employee is separated from service or
- 5 until the end of the month in which an annuitant ceases to be
- 6 entitled to annuity, and in case of the death of such employee
- 7 or annuitant may permit the coverage of the members of his
- 8 family for a period not to exceed ninety days.
- 9 (c) Regulations of the Commission shall provide that
- 10 any employee enrolled in a plan under this Act who is re-
- 11 moved or suspended without pay and later reinstated or
- 12 restored to duty on the ground that such removal or suspen-
- 13 sion was unjustified or unwarranted shall not be deprived of
- 14 coverage or benefits for the interim but shall have his cover-
- 15 age restored to the same extent and effect as though such
- 16 removal or suspension had not taken place, and appropriate
- 17 adjustments shall be made in accordance with such regula-
- 18 tions in premiums, subscription charges, contributions, and
- 19 claims.
- 20 (d) Regulations of the Commission shall provide for
- 21 making available to each employee and annuitant eligible to
- 22 enroll in a health benefits plan under this Act such informa-
- 23 tion as may be necessary to enable such employee or annui-
- 24 tant to exercise an informed choice among the types of
- 25 plans referred to in section 4. Such regulations shall also

provide for the issuance to each employee and annuitant enrolled in such a health benefits plan of an appropriate certificate setting forth the services or benefits to which the employee or annuitant, or the employee or annuitant and members of his family, are entitled thereunder, the person or persons to whom monetary benefits shall be payable, the procedure for submitting claims, and the principal provisions, or summaries thereof, of the plan affecting the employee or annuitant or members of his family.

10 STUDIES BY COMMISSION

SEC. 11. (a) The Commission shall make a continuing 11 study of the operation and administration of this Act, in-12 cluding surveys and reports on health benefits plans avail-13 able to employees and annuitants and on the experience of 14 15 such plans, with respect to such matters as gross and net costs, administrative costs, benefits claimed and provided, 16 utilization of benefits, the extent to which the economic 17 use of benefits herein provided is assured, and the portion 18 of the actual personal expenditures of Federal employees 19 and annuitants for health care which is being met by 20 prepaid benefits. 21

22 (b) The Commission shall include provisions in con-23 tracts with carriers which would require carriers to (1) 24 furnish such reasonable reports as the Commission deter-25 mines to be necessary for the satisfactory completion of the

11	studies enumerated in subsection (a) with respect to gross
2	and net costs, administrative costs, benefits claimed and
3	provided, utilization of benefits, and (2) permit the Com-
4	mission or its representatives and representatives of the
5	General Accounting Office to examine such records of the
6	carriers as may be necessary for verification of the informa-
7	tion contained in the carrier's reports.
8	(c) Employing agencies shall keep such records and
9	furnish the Commission with such information and reports
10	as may be necessary to enable it to carry out its functions
11	under this Act.
12	ADVISORY COUNCIL
13	Sec. 12. (a) There is hereby established a Federal
1.4	Employees Health Benefits Advisory Council which shall
15	consist of the following:
16	(1) the Chairman of the Committee on Post Office
17	and Civil Service of the Senate;
18	(2) the Chairman of the Committee on Post Office
19	and Civil Service of the House of Representatives;
20	(3) the Secretary of Labor;
21	(4) the Director of the Bureau of the Budget;
22	(5) the Surgeon General of the Public Health
23	Service;
24	(6) the Chief of the Bureau of Medicine and Sur-

25 gery of the Veterans' Administration;

- (7) one member to be appointed by the President
 who shall be representative of the public;
- (8) one member to be appointed by the President
 from among representatives of national employee organizations;
- 6 (9) three members to be appointed by the Presi-7 dent who shall be representative of university schools 8 of medicine, hospital administration, and public health, 9 respectively.
- The Advisory Council shall select a Chairman and a Vice 10 Chairman from among its members. Each member of the 11 Advisory Council referred to in clauses (1) to (6), inclu-12 sive, may designate an alternate to attend meetings and par-13 ticipate in activities of the Advisory Council in the place of 14 15 such member. Members of the Advisory Council referred to in clauses (7) to (9), inclusive, shall be appointed for terms 16 17 of three years.
- (b) It shall be the duty of the Advisory Council (1) 18 to make studies from time to time of the operation and ad-19 20 ministration of this Act, (2) to receive reports and information with respect thereto from the Commission, carriers, and 21 employees and their representatives, (3) to ascertain from 22 time to time the status of the Federal Employees' Health 23 Benefits Fund, including the establishment and maintenance 24 of any balances or reserves, (4) to consult with and advise 25

- 1 the Commission in regard to the administration of this Act,
- 2 and (5) to make recommendations with respect to the
- 3 amendment of this Act or improvements in its administration.
- 4 No contract shall be awarded, renewed, or terminated and
- 5 no regulation shall be promulgated, for the purpose of carry-
- 6 ing out this Act, unless copies thereof shall have been fur-
- 7 nished to the Advisory Council.
- 8 (c) Members of the Council referred to in clauses (7.)
- 9 to (9), inclusive, who are not otherwise in the employ of
- 10 the United States shall be entitled while attending meetings
- 11 of the Advisory Council, including travel time, to receive
- 12 compensation at a rate to be fixed by the Commission, but
- 13 not exceeding \$50 per diem, and while away from their
- 14 homes or regular places of business they may be allowed
- 15 travel expenses, including per diem in lieu of subsistence,
- 16 as authorized by law (5 U.S.C. 73b-2) for persons in the
- 17 Government service employed intermittently.
- 18 (d) The Advisory Council shall be convened by the
- 19 Commision within thirty days after the members referred
- 20 to in clauses (7) to (9) have been appointed, and there-
- 21 after shall meet not less often than quarterly, on call of
- 22 the Commission or on request of any three members of the

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23 Advisory Council.

1	BUREAU OF RETIREMENT AND INSURANCE
2	SEC. 13. There is hereby established in the Civil Service
3	Commission a Bureau of Retirement and Insurance, which
4	shall perform such of the functions and duties of the Com-
5	mission with respect to retirement, life insurance, and health
6	benefits programs as the Commission shall prescribe. The
7	Bureau shall be headed by a Director who shall be responsible
8	only to the Commissioners. The position of Director shall
9	be placed in grade 18 of the General Schedule of the
.0	Classification Act of 1949, as amended.
.1	JURISDICTION OF COURTS
.2	SEC. 14. The district courts of the United States shall
.3	have original jurisdiction, concurrent with the Court of
.4	Claims, of any civil action or claim against the United States
.5	founded upon this Act.
.6	REPORTS TO CONGRESS
7	SEC. 15. The Commission shall transmit to the Congress
.8	annually a report concerning the operation of this Act.
9	EFFECTIVE DATE
20	SEC. 16. (a) The Commission shall transmit to the
21	Committee on Post Office and Civil Service of the Senate
22	and the Committee on Post Office and Civil Service of the
23	House of Representatives not later than February 1, 1960,

- 1 copies of any contracts proposed to be entered into, policies
- 2 proposed to be purchased, and regulations proposed to be
- 3 promulgated, for the purpose of placing into operation health
- 4 benefits plans under this Act.
- 5 (b) The provisions of this Act relating to the enroll-

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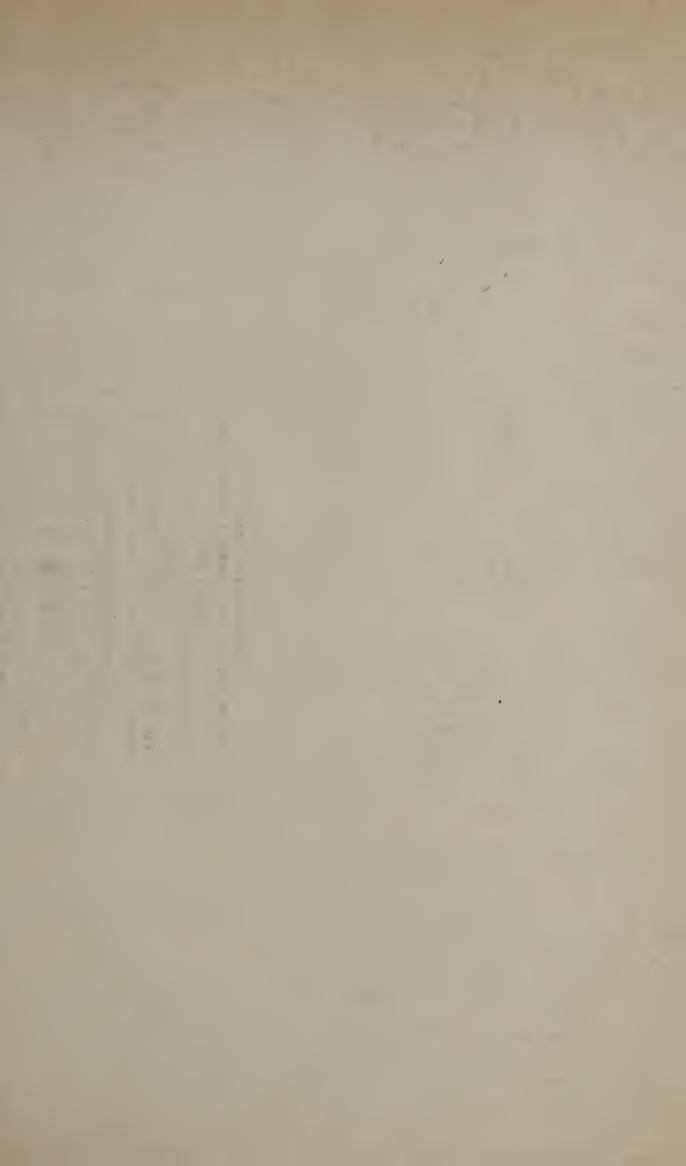
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- 6 ment of employees and annuitants in health benefits plans
- 7 and the withholding and payment of contributions shall
- 8 take effect on the first day of the first pay period which

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9 begins on or after July 1, 1960.



A BILL

To provide a health benefits program for Government employees.

By Mr. Johnston of South Carolina and Mr. Neuberger

JUNE 12, 1959

Read twice and referred to the Committee on Post
Office and Civil Service



Congressional Record

United States of America

PROCEEDINGS AND DEBATES OF THE 86th CONGRESS, FIRST SESSION

Vol. 105

WASHINGTON, FRIDAY, JUNE 12, 1959

No. 97

Senate

The Chaplain, Rev. Frederick Brown Harris, D.D., offered the following prayer:

O Thou Shepherd of the pilgrim days: In Thy peace our restless spirits are quieted, and by Thy love our baffled hearts are reassured.

The circumstances of our times are so appalling and dismaying to the gaze of our finite minds that the resources of our souls are utterly inadequate unless Thou replenish them by a strength and power not our own.

In this creative hour of human destiny. save us from surrendering to cynicism because of human evil, and of being made men of little faith by human folly.

Open our eyes to see a glory in our common life with all its sordid failures, and in the aspirations of men for better things and for a fairer world, to feel the pull of a resistless power that makes for love and righteousness, more constant than the stars, and which, at last, must burn away every barrier to human brotherhood as Thy Kingdom comes and Thy will is done in all the earth.

We ask it in the Redeemer's name. Amen.

THE JOURNAL

On request of Mr. Johnson of Texas, and by unanimous consent, the reading of the Journal of the proceedings of Thursday, June 11, 1959, was dispensed

MESSAGE FROM THE RESIDENT

A message in writing from the President of the United States submitting nominations was communicated to the Senate by Mr. Miller, one of his secre-

MESSAGE FROM THE HOUSE

A message from the House of Representatives by Mr. Bartlett, one of its reading feeks, announced that the House had agreed to the amendment of the Senate to the bill (H.R. 7120) to amend.certain laws of the United States in light of the admission of the State of Alaska to the Union, and for other purposes, with an amendment, in which it requested the concurrence of the Senate.

LIMITATION OF DEBATE DURING MORNING HOUR

Mr. JOHNSON of Texas. Mr. President, under the rule, there will be the usual morning hour; and I ask unanimous consent that statements in cornection therewith be limited to 3 min-

The PRESIDENT pro tempore. out objection, it is so ordered.

LEGISLATIVE PROGRAM

Mr. JOHNSON of Texas. Mr. President, I should like to inform the Senate that as soon as the hearings on the Atomic Energy Commission authorization bill are available, I shall ask the Senate to give manimous consent to permit us to expedite our action on that

I should like to inform the Senate that next week we expect several appropriation bills to be reported to the Senate. When the reports and the hearings on those bills are available, I shall urge Senators to review them at a early a data as possible, in the hope that next week as many of the appropriation bills y ek as many of the appropriate be-s may be available can be brought before the Senate, notwithstanding rule. If there is objection under the rule, of course, they will go over.

Mr. President-

The PRESIDENT pro tempore. The Senator from Texas.

PROCEDURE IN CONNECTION WITH CALL OF THE CALENDAR

Mr. JOHNSON of Texas. Mr. President, under the unanimous consent agreement which I had entered yesterday, is the calendar to be called immediately following the morning hour; or will another request be necessary?

The PRESIDENT pro tempore. If the agreement already entered is to be changed, another request will be re-

Mr. JOHNSON of Texas. However, under the order already entered, when is the calendar to be called?

The PRESIDENT pro tempore. At the conclusion of the routine morning busi-

Mr. JOHNSON of Texas. That 'is fine; that is what I had intended.

It was suggested to me that, under the order which has been entered, it might be possible for extended speeches to be made prior to the call of the calendar. However, I understand that that would not be the case, but that only speeches within the 3-minute limitation would be in order at that time.

The PRESIDENT pro tempore. That correct.

Mr. DIRKSEN. Mr. President, will the Senator from Texas yield?
Mr. JOHNSON of Texas. I yield.

Mr. DIRKSEN. I assume that, under the order, the call of the calendar will be limited to the consideration of measures to which there is no objection.

Mr. JOHNSON of Texas. That was my request.

EXECUTIVE SESSION

Mr. JOHNSON of Texas. Mr. President, I move that the Senate proceed to the consideration of executive business. to consider the new reports.

The motion was agreed to; and the Senate proceeded to the consideration of executive business.

EXECUTIVE-MESSAGES REFERRED

The PRESIDENT pro tempore laid be fore the Senate a message from the President of the United States submittheg sundry nominations, which was referred to the Committee on Armed

(For nominations this day received, see the end of Senate proceedings.)

EXECUTIVE REPORTS OF COMMITTEES

The following favorable reports of nominations were submitted:

By Mr. HILL, from the Committee on La-

bor and Public Welfare.

Eugenie Mary Davie, of New York, to be a member of the Board of Regents of the National Library of Medicine Public Health Service:

O. David Garvin, and sundry other candidates, for personnel action in the Regular Corps of the Public Health Services

Clarence A. Imboden, Jr., and sundry other candidates, for personnel action in the Regcandidates, for personnel action in ular Corps of the Public Health Service;

George Massengill, and sundry other didates, for personnel action in the Regular Corps of the Public Health Service;

James C. Allen, and sundry other candidates, for personnel action in the Regular Corps of the Public Health Service; and

George Moore, and sundry other candidates, for personnel action in the Regular Corps of the Public Health Service.

THE REGULAR ARMY, THE MARINE CORPS, THE NAVY, AND THE NAVAL RESERVE

The PRESIDENT pro tempore. The new reports on the Executive Calendar will be stated.

The Chief Clerk proceeded to read 2,702 nominations for the Regular Army, the Marine Corps, and the Navy and Naval Reserve, which had been placed on the Vice President's desk for the information of Senators.

The PRESIDENT pro tempore. Without objection, the nominations will be considered en bloc; and, without objection, they are confirmed.

Mr. JOHNSON of Texas. Mr. President, these nominations, almost 3,000 in number, have been confirmed en bloc. I ask unanimous consent that the President be immediately notified of the confirmation of the nominations.

The PRESIDENT pro tempore. Without objection, the President will be notified forthwith.

LEGISLATIVE SESSION

Mr. JOHNSON of Texas. Mr. President, I move that the Senate resume the consideration of legislative business.

The motion was agreed to; and the Senate resumed the consideration of legislative business.

JOINT RESOLUTION OF WISCONSIN LEGISLATURE

Mr. PROXMIRE. Mr. President, I ask unanimous consent that a joint resolution of the Legislature of the State of Wisconsin be printed in the RECORD. This joint resolution makes eminent good sense. The joint resolution requests the Postmaster General to issue commemorative stamps to promote traffic safety and combat the tragic loss of life on our highways. In view of the enor, mous attention throughout the Nation that can be won by stamps, this suggestion could very well save lives by inculcating a greater awareness of the life and death importance of safe driving on our highways. I ask that the joint resolution be appropriately referred.

There being no objection, the joint resolution was referred to the Committee on Post Office and Civil Service, and, under the rule, was ordered to be printed in the RECORD, as follows:

JOINT RESOLUTION 42, S

Joint resolution relating to the issuance of a series of commemorative stamps on the theme of traffic safety
Whereas the commemorative postage stamp has been used effectively as a device to focus the attention of the American people on great problems in our Nation; and

Whereas the tragic loss of life and property resulting from traffic accidents is one of the great problems facing the American peo-ple; and

Whereas the State Medical Society of Wisconsin has proposed that the Post Office De partment issue a series of annual commemorative postage stamps during the next 5 years in an effort to stimulate in the motorists an awareness of the need for improved driving habits by the American people: Now, therefore, be it

Resolved by the senate (the assembly concurring), That the Legislature of the State of Wisconsin endorse this proposal of the State Medical Society of Wisconsin; and be it

Resolved, That copies of this resolution be submitted to the Honorable A. E. Summer-field, Postmaster General of the United Sumes, and to the members of the Wisconsin delegation in Congress.

> President of the Senate. LAWRENCE R. LARSEN, Chief Clerk of the Senate. GEORGE MOLINARO, Speaker of the Assembly. NORMAN C. CLENDENAN, Chief Clerk of the Assembly.

BILLS AND JOINT RESOLUTION INTRODUCED

Bills and a joint resolution were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. HUMPHREY:

S. 2161. A bill for the relief of Gerald Waytashek; to the Committee on the Judi-

By Mr. JOHNSTON of South Carolina

(for himself and Mr. Nepberger):
S. 2162. A bill to provide a health benefits program for Government employees; to the Committee on Post Office and Civil Service.
(See the remarks of Mr. Johnston of South Carolina when he introduced the above bill, which appear under a separate heading.)
By Mr. O'MAHONEY (for himself and

Mr. McGee). S. 2163. A bill for the relief of Royce C. Plume, a member of the Arapanoe Tribe of Indians; to the Committee on the Judiciary.

By Mr. MUSKIE:
S. 2164. A bill for the relief of Osvaldo Riva Coolidge; to the Committee on the Judiciary.

Judiciary

By Mr. CLARK:

S. 2165. A bill for the relief of Erica Barth, to the Committee on the Judiciary.

By-Mr. CASE of South Dakota: S. 2166. A bill referring to the U.S. Court of Claims certain matters relative to the War Production Board Limitation Order L-208: to the Committee on the Judiciary. By Mr. CASE of South Dakota:

S.J. Res. 109. Joint resolution to authorize the Secretary of Commerce to apportion the authorized amounts of highway 1961 and 1962, and the Secretary of the Treasury to issue limited interim highway trust fund revenue bonds maturing not later than June 30, 1972; to the Committee on Finance.

(See the remarks of Mr. Case of South Dakota when he introduced the above joint resolution, which appear under a separate head-

CONCURRENT RESOLUTION

Mr. HUMPHREY submitted a concurrent resolution (S. Con. Res. 48) to promote peace through the reduction of armaments, which was referred to the Committee on Foreign Relations.

(See the above concurrent resolution printed in full when presented by Mr. HUMPHREY, which appears under a separate heading.)

HEALTH BENEFITS PROGRAM FOR GOVERNMENT EMPLOYEES

Mr. JOHNSTON of South Carolina. Mr. President, on behalf of myself and the junior Senator from Oregon [Mr. NEUBERGER]. I introduce, for appropriate reference, a bill designed to provide employees in the legislative, executive, and judicial branches of the Federal Government with a system of prepaid health benefits. Such a program would provide Federal employees with invaluable assistance in paying for hospital and medical care for themselves and their families.

I compliment the distinguished Senator from Oregon [Mr. Neuberger] for his contribution to this proposed legislation. As chairman of the Subcommittee on Insurance of the Committee on Post Office and Civil Service, the Senator from Oregon conducted public hearings during the month of April on 6 different days on Senate bill 94, the bill introduced on January 9, because of the Senator's very recent personal experiences, I feel he brought an awareness of the importance of this subject matter to the individual employees which contributed materially to the design of this bill. In the course of the hearings, 54 witnesses were heard. The witnesses included spokesmen for the Bureau of the Budget, the Civil Service Commission, the Department of Defense, and the Post Office Department. Interest of employees in the legislation was demonstrated by the large number of employee organizations which asked to be heard and to have statements included in the Record.

As sponsor of S. 94, I have reviewed the record of the hearings. I came to the conclusion that it would be preferable to introduce a new bill rather than to have the subcommittee undertake the many revisions that were required to prepare a bill acceptable to all.

I believe the bill being introduced today resolves most, if not all, of the differences of opinion and approach which have delayed congressional consideration of this important legislation in the past. The bill provides for a reasonable degree of employee choice among different kinds of health benefits plans. It permits this choice without creating an administrative burden on payroll offices. It provides for a program of health insurance benefits which would automatically class the Federal Government as an enlightened employer, interested in the health and well-being of its employees and their families. The testimony during the hearings made it plain that up to now the Federal Government has lagged far behind private industry in this respect.

An analysis of the bill has been prepared which fully explains the provisions of the bill. I ask unanimous consent that the analysis be printed in the RECORD at the end of my remarks. is my hope that the Committee on Post Office and Civil Service will give the proposed legislation its immediate attention so that it will be ready for consideration by the Senate in the near future.

The PRESIDENT pro tempore. bill will be received and appropriately referred; and, without objection, the analysis will be printed in the RECORD.

The bill (S. 2162) to provide a health benefits program for Government employees, introduced by Mr. Johnston of South Carolina (for himself and Mr. Neuberger), was received, read twice by its title, and referred to the Committee on Post Office and Civil Service.

The analysis presented by Mr. John-STON of South Carolina is as follows:

ANALYSIS OF HEALTH BENEFITS PROGRAM FOR GOVERNMENT EMPLOYEES

Background: In one form or another, prepaid health benefits now cover 123 million persons in the United States. This is an indication of the value 'placed on the opportunity to budget medical care expenses by the American people. More than 75 percent of those enrolled in prepaid plans are enrolled through the place they work, clear evidence of the recognition by private employers that participating with their employees in obtaining health insurance contributes to the well-being and efficiency of their workers. In passing this legislation the Congress would be giving Federal employees a fringe benefit second in importance to a pay raise.

As the Nation's largest single employer, the Federal Government has for many years lagged behind private industry in not making it possible for employees to band toand purchase health insurance at

group rates.

In the absence of authorization for payroll deductions and the employer contribution common in industry, Federal employees have on their own initiative developed quasigroups of various kinds. Employees have made arrangements with Blue Cross and Blue Shield or have formed their own benefit and insurance organizations, or as union members purchased group policies. Despite the resultant complications, the Committee has sought to build upon and strengthen these worthy efforts on the part of employees to protect themselves from disastrous medical bills.

Legislative history: Starting in 1947, there have been at least 30 bills introduced in the House and Senate to establish a program for Federal employees providing for (1) payroll deductions for premiums, (2) Federal contribution, (3) latitude to select a health benefits plan that fits the employees' health

needs and pocketbook.

The present administration has sponsored several types of proposals in the past three Congresses. All of them called for a Federal contribution. Extensive hearings were held in May and June of 1956 by the House Post Office and Civil Service Committee. To date no bill has come out of committee in either the House or Senate, largely because there were disagreements about details between and among employee groups, the carriers and the proponents of the bills.

Hearings on S. 94: The Subcommittee on Health Insurance of the Senate Post Office and Civil Service Committee held 6 days of hearings on S. 94. Fifty-four witnesses were In addition, numerous organizations submitted statements and exhibits. The report on the hearings covers 364 pages. This extensive record shows clearly five significant points: (1) all parties earnestly want to see legislation enacted and are determined that past differences of viewpoint will be resolved, (2) there is a marked preference for a program with broad benefits, to the extent possible on a full-service, no-deductible basis, (3) employees should have free choice among several alternative methods of providing health benefits, (4) the contribution by the Government should be at least 50 percent, (5) future annuitants should be included in the program.

THE NEW BILL

After hearing testimony from the Civil Service Commission, the Bureau of the

Budget, the Department of Defense, and the Post Office Department, and from 24 employee organizations, and from 7 representatives of carriers and plans, and from interested organizations and citizens, a new bill has been developed which attempts to resolve the differences in viewpoint and to meet criteria that would make the program generally acceptable to all, as follows:

Effective date: The bill would provide

health insurance benefits starting July 1,

1960.

Free choice among plans: For most employees there would be a choice among two or possibly three alternative plans-

- 1. A Blue Cross-Blue Shield and supplemental benefits package with basic benefits on a service basis, a deductible and a fixed ceiling on the amounts of coinsurance paid by the employee.
- 2. An insurance company package similar to No. 1, but providing cash indemnity benefits.
- 3. An insurance company policy providing for a deductible and coinsurance and applying to a wide range of services.

Whether both No. 2 and No. 3 would be offered employees will depend on the judgment of the administering agency and the carriers as to the feasibility of offering both. In any event, either No. 2 or No. 3 would be

Employees eligible to join or already members of national employee organizations sponsoring, contracting for and administering, a health benefits plan may select their organization's existing plan as amended to take advantage of the additional resources provided by the bill.

An employee living in an area where a prepaid group practice plan is established may elect such a plan. These plans are currently located in Washington, D.C., New York City, San Diego, Los Angeles, and the bay area in California, and in Seattle and Tacoma, Wash. One will be in operation in Detroit before fiscal 1961.

BROAD FRAMEWORK OF BILL

The bill provides a framework within which the Civil Service Commission can develop specific contracts for benefits. For example, provides for programs of basic benefits coupled with supplemental benefits (major medical expense) and permits insurance company benefits (of the type referred to as comprehensive), which impose an initial deductible paid by the patient and and invoke coinsurance on the remainder. While no maximum amounts of benefits are specified in the bill, the Civil Service Commission would have authority to establish such maximums. The committee considers it unwise to tie the Civil Service Commission's hands by specifying dollar maximums or to to spell out the specific benefit structures. Further limitations might prove to be unnecessary and undesirable, or some kinds of benefits might, in time, become inordinately expensive in relation to the service received by employees. Furthermore, we recognize that this country may be on the threshold of several major breakthroughs in the field of medicine and in the organization of medical services; we felt it would be unwise for the legislation to freeze the pattern of benefits so that future contracts would be prevented from including new developments. For example, some new diagnostic test for cancer or heart disease might require some prompt revision of the benefit pattern.

Under the bill, eligible employees and future annuitants could elect one of three generally available types of benefits:

1. Those providing for the hospital and medical costs associated with care in acute general hospitals plus 80 percent of other health service costs above \$100 per individual per/illness;

2. Those providing for a large percentage of all stated health service costs above an initial deductible amount; and

3. The professional, health center and hospital services offcred by group practice pre-

payment plans.

The details of benefits available to employees under each type of plan, as contracted for by the administering agency, are subject to prior review by the Post Office and Civil Service Committees of both Houses the Congress and must be described in full to employees to enable them to make an informed choice among plans.

ELIGIBLE PERSONS

Employees in the executive, judicial, or legislative branches of the Fcderal Govern-ment would be eligible to enroll for themselves and members of their families, in-cluding children to age 19. Certain short-term appointecs, seasonal or intermittent workers and the like may be excluded by regulation.

Annuitants who have been enrolled in a health benefits plan under the act and who, after the effective date, retire on an immediate annuity after 12 or more years of service, (or retire for disability) may continue under the plan together with those members of their family covered before they retired.

Survivors of eligible retired employees and of employees who may die in service, after completing 5 or more years of service, would be included.

Employees receiving Federal employee compensation, members of their families and their survivors would be eligible under similar conditions.

ADVISORY COUNCIL

The bill creates an advisory council composed of the chairman of the Senate and House Post Office and Civil Service Committees, four other public officials and five members appointed by the President, including a representative of employee organizations.

CONTRIBUTIONS AND COSTS

A health benefits fund is created for handling the moneys collected from employees and contributed by Government.

The bill specifies maximum contributions to be withheld from employees' salaries and annuitants' annuity checks. It is antici-pated that actual contributions may be less than the amounts shown when contracts are negotiated with the carriers.

•	Maximum biweekly contribution	
	Employee or an- nuitant	Gov- ern- ment
Individual employee	\$1.75	\$1.75
Male employee and family (ehildren eovered to age 19)	4. 25	4, 25
Female employee, dependent husband and children (to age 19)	4. 25	4. 28
Female employee, nondependent husband and children (to age 19)	6. 00	2. 50

When both husband and wife are employees or annuitants, each may enroll for himself alone but if children are to be included, one spouse and only one must enroll the entire family under a family policy.

ADMINISTRATIVE COSTS

The bill authorizes an appropriation to cover the costs of administering the program during the first fiscal year of its operation. Thereafter, administrative costs would be met from the specified contributions of Government and employees.

AGGREGATE COSTS

Data on the number of married women working for the Government, or the number of instances where husband and wife are both Government employees, does not exist. Hence, the cost estimate that follow assume that (1) 2 million employees will be eligible to participate in the program; (2) 90 percent of them will do so—i.e. 1.8 million employees will elect coverage; (3) 40 percent will enroll as individuals and 60 percent as families; (4) 150,000 women and nondependent husbands will enroll their families; (5) all contracts will be at the maximum biweekly contribution shown. (This assumption results in aggregate costs somewhat above those anticipated.)

On an annual basis, the assumed premiums are \$91 for single employees (\$45.50 from Government) and \$221 for family coverage (\$110.50 from Government).

720,000 single employees times

\$91 equals_____\$65,520,000 1,080,000 employees with fami-

lies times \$221 equals_____ 238, 680, 000

Total_____ 304, 200, 000

Government contribution 1 145, 300, 000 Employee contribution 158, 900, 000

¹ Assumes 150,000 female employees with nondependent husbands enroll and no Government contribution is made on behalf of these husbands.

If premiums proved to be even as little as 10 cents less biweekly on single employees and 25 cents less biweekly on families, the program would cost \$9 million less (\$4.5 million less for Government).

BUREAU OF RETIREMENT AND INSURANCE

The bill creates in the Civil Service Commission a Bureau of Retirement and Insurance headed by a Director responsible to the Commissioners. The Civil Service Commission is given authority to promulgate necessary regulations under the provisions of the act. The Commission is also charged with the responsibility for making continuing studies of the operation of the act in all its aspects, including the extent to which it meets the needs of employees and annuitants and for reporting its findings to the Congress.

THE ALREADY RETIRED ANNUITANTS

The committee considered carefully the problems faced by the present annuitant group in financing their health needs from their retirement incomes. After due consideration the conclusion was reached that their problem was of such a magnitude and complexity that it required separate study and separate legislation. The annuitant group would be expected to have higher utilization than active employees. Since they equal more than 15 percent of the number of active employees, their inclusion in the same program could raise the overall costs of the program by 30 or more percent. The committee intends to devote the neccesary time to a study of the problem. It has every expectation of introducing a separate proposal that will, it is hoped, bring to these deserving former civil servants some of the advantages inherent in group purchase of health insurance.

Mr. NEUBERGER. Mr. President, I am happy to join with the distinguished senior Senator from South Carolina [Mr. Johnston] in introducing a new bill to provide a program of prepaid health benefits for employees of the legislative, executive, and judicial branches of the Federal service.

The Subcommittee on Insurance of the Committee on Post Office and Civil Service, of which I am chairman, held extensive hearings on S. 94. In opening these hearings I asked that the invited witnesses and those wishing to be heard from the executive branch direct their testimony to the objectives of the bill and to possible ways of obtaining these objectives. I indicated our feeling that we were not wedded to the precise provisions or specific language of S. 94. I also called attention to the fact that most employees of the Federal Government are not highly paid individuals and that the needs of the vast majority of Federal employees should be kept in the forefront of our thinking in developing this legislation.

In the course of the 6 days of hearings, we heard from some 55 witnesses. The information they brought to our attention increased our understanding of the problems employees face in coping with serious illness and in the less dramatic day-to-day medical needs.

MANY WITNESSES HEARD ON BILL

The witnesses included 24 employee organizations, from representatives of the medical, dental, and other professions, from Blue Shield, Blue Cross, insurance companies, and group practice plans. We also had witnesses from the American Hospital Association, from mental health organizations, and the like. This extensive record of almost 400 pages has been carefully considered.

We heard testimony for and against deductibles and coinsurance and soon came to realize there were at least two schools of thought in these matters. Our new bill, I believe will accommodate both approaches to financing health care. The employee will have a choice of four major types of plans: First, a service benefit plan such as offered by Blue Cross and Blue Shield; second, indemnity benefit plan such as offered by insurance companies; third, group practice prepayment plan where available such as is offered in the Washington area by Group Health Association and on the west coast by the Kaiser Foundation health plan; and, fourth, employee organization plan which is sponsored by a national employee organization. I am pleased to report that the able committee staff has spent the last 2 days with representatives of the insurance industry and it is my understanding that the industry is in general approval of this bill. The provisions of the bill are such that our employees will obtain protection aginst a financially crippling illness and assistance with the more routine costs of medical care.

Regretfully, we have bowed to the administration's insistence that the health insurance plan will not take effect until July 1, 1960. We had hoped that such a plan would become operative at least 3 to 4 months earlier than this, but the administration has steadfastly held for the July 1, 1960, operative date solely for budgetary reasons.

The administration, in its testimony on S. 94, argued strongly that Government employees pay two-thirds of the cost of their health coverage. S. 94 provided that the employee pay one-third and the Government two-thirds. From the beginning of the hearings, I made it clear that the administration recommendation with respect to the sharing of the cost was unsatisfactory. Our bill provides a compromise, and the costs are shared equally between the Govern-

ment and its employees. This is far more fair.

RETIRED FEDERAL EMPLOYEES MUST BE PROTECTED

We considered ways of including the present annuitant group in the coverage. In the interests of having legislation that was acceptable costwise, we have deferred action on a program for the already retired. The administration has opposed providing coverage for the presently retired former Government employees and their dependents and survivors. It is true that the cost of covering this older age group might well run several times the cost of covering active employees. For those of you who areconcerned with the health needs of annuitants, let me say I hope to suggest a program particularly for them before long, within the next several weeks. One would be callous, indeed, to overlook the health needs of retired career Government employees. As chairman of the Insurance Subcommittee, I will do everything within my power to make certain that coverage is provided for them.

The bill we are introducing today has been developed through a truly cooperative effort on the part of many people, all of them anxious to see this legislation become law. The bill necessarily represents many compromises between the views of the administration, health organizations, insurance companies, and employee groups. It is my earnest hope that this legislation can be promptly considered by the Congress so that further further delay will not be encountered in meeting the health needs of Government employees and their dependents. Private industry has long had health coverage plans for its employees and it is time that the Federal Government, the Nation's largest employer, provide equal benefits in this respect.

In conclusion, I wish to express my gratitude to the distinguished chairman of the full committee for his cooperation; and I desire further to thank the members of the committee staff for their help in developing this very difficult, technical proposal. We all know that providing medical care and health protection for some 2½ million Federal employees and their dependents is not an easy matter. It is a very complicated, technical, complex, and controversial subject.

I believe we have here the basis for excellent legislation. If this bill becomes law, I think it will provide a model for employers and employees throughout the Nation to establish mutual health protection programs.

Mr. President, I ask unanimous consent to have printed in the Record at the conclusion of my remarks a telegram I have just received from a spokesman for the insurance industry endorsing the provisions of our health benefits bill. It is important to emphasize that our bill has previously received the support of Federal employee groups, group practice plans, Blue Cross-Blue Shield, the American Hospital Association, and the American Medical Association.

There being no objection, the telegram was ordered to be printed in the RECORD, as follows:

Hon. RICHARD L. NEUBERGER,

Chairman, Subcommittee on Insurance, Senate Post Office and Civil Service Committee, U.S. Senate, Washington, D.C .:

Based on our conference with your committee staff yesterday and our understanding of the provisions in the bill which you will introduce today, the insurance business be-lieves that under this bill it would have an opportunity to serve Government employees by offering them a modern pattern of health insurance benefits which has found wide public acceptance and which currently protects millions of employees in private in-

We are of the opinion that the measure provides a practicable basis for the development of a program of health care benefits for Federal Government employees, their families, and dependents. Prior to final enactment, we urge careful consideration of the relationship of benefits and costs under the proposed legislation, because although the proposed legislation, because although almost all types of health care are indicated in the bill, the benefits received will necessarily depend upon the actual number of dollars available.

We hope that prompt action will be taken on the bill and stand ready to provide such further technical assistance as may be de-

AMERICAN LIFE CONVENTION.

HEALTH INSURANCE ASSOCIATION OF AMERICA! LIFE INSURANCE ASSOCIATION OF AMERICA.

APPORTIONMENT OF AUTHORIZED AMOUNTS OF HIGHWAY FUNDS FOR 1961 AND 1962 AND ISSUANCE OF LIMITED INTERIM HIGHWAY TRUST FUND REVENUE BONDS

Mr. CASE of South Dakota. Mr. President, I introduce, for appropriate reference, a joint resolution which would authorize the Secretary of the Treasury to issue limited interim revenue bonds to keep the huge Interstate Highway program on schedule.

Grants already made to States for the fiscal years 1959 and 1960 have depleted the highway trust fund, which is formed by highway-user taxes to finance road

construction.

This leaves the Secretary of Commerce unable to make State apportionments for 1961 and 1962 unless a new source of funds is found.

Under the joint resolution I am introducing, the Treasury could issue against the highway fund short-term notes totaling not more than \$5 billion up to 1972. No more than \$2 billion could be borrowed before July 1, 1961, when a special report on the Interstate Highway program cost and progress is due.

The interest on the hotes or bonds issued, as well as the notes and bonds themselves, would be repaid from trust fund earnings by 1972, when present highway levies expire.

A pay-as-you-go clause now in Federal law was suspended for the years 1959 and 1960. The House Public Works Committee has recommended that it be suspended/again for the fiscal year 1961. But that would throw onto the General Treasury the burden of meeting the contractor bills and would add from \$2 bilto \$3 billion to Treasury deficits.

Mr. President, that solution, I am fraid, would not receive general accept-

The administration has recommended a 1½-cent increase in the Federal gaso-

line tax. Thus far there has been little congressional support for it.

So I am introducing this joint resolution for interim financing in an effort to find a solution which would secure the necessary acceptance.

Mr. President, I do not know that other Senators will wish to join me at this time in sponsoring the joint resolution. However, one or two Senators have indicated some interest in this measure. Therefore, I ask unanimous consent that the joint resolution lie at the desk until the conclusion of the session on Tuesday of next week in order that other Senators who may wish to join me in sponsoring the joint resolution may have an opportunity to do so.

The PRESIDENT pro tempore. The joint resolution will be received and appropriately referred; and, without objection, the joint resolution will lie at the desk, as requested by the Senator from South Dakota.

The joint resolution (S.J. Res. 109) to authorize the Secretary of Commerce to apportion the authorized amounts of highway funds for 1961 and 1962 and the Secretary of the Treasury to issue limited interim highway trust fund revenue bonds maturing not later than June 30, 1972, introduced by Mr. CASE of South Dakota, was received, read twice by its title, and referred to the committee on Finance.

AMENDMENT OF CERTAIN LAWS RELATING TO THE ADMISSION OF THE STATE OF ALASKA INTO THE UNION

PRESIDENT pro tempore. The Chair lays before the Senate a message from the House of Representatives which will be stated for the information of the Senate.

The legislative clerk read as follows:

Resolved, That the House agree to the amendment of the Senate to the bill (H.R. 7/20) entitled "An act to amend certain laws of the United States in light of the admission of the State of Alaska into the Union, and for other purposes," and colcur therein with an amendment as follows therein with an amendment, as follows

In section 23(a) of the Senate amendment, strike out the word "authorizing" and insert in lieu thereof the word recting."

Mr. GRUENING. Mr. President, the amendment merely changes the word "authorizing" to "directing" in the pro-posal of the Administrative Office of U.S. Courts and the Judicial Conference with respect to the desirability of having the U.S. circuit court sit at Anchorage, Alaska. That is the only amendment. I move that the amendment'be agreed to.

Mr. JOHNSON of Texas. Mr. President, will the Senator from Alaska state whether this is an amendment to the

Alaska omnibus bill?

Mr. GRUENING. It is.

Mr. JOHNSON of Texas. The bill amends various laws in order to facilitate the transition of Alaska from the jurisdiction of Federal laws to the jurisdiction of State laws, does it not?

Mr. GRUENING. That is correct. The bill received the unanimous approval of this body and the other body.

Mr. JOHNSON of Texas. I complend the distinguished Senator from Alaska [Mr. GRUENING] and his colleague [Mr. BARTLETTI for the manner in which they have handled the proposed legislation. I am delighted to know that the bill will be on its way to the White House in a short time.

Mr. GRUENING. My colleague and I are grateful to the Senate and to the other body for their speedy action on the bill.

PRESIDENT The pro tempore. Without objection, the amendment is agreed to.

CONSOLIDATED FARMERS HOME ADMINISTRATION ACT OF 1959— EXTENSION OF TIME TO HOLD BILL FOR ADDITIONAL COSPON-SORS

Mr. BENNETT. Mr. President, my colleague, the Senator from Colorado [Mr. Allott], on June 9, 1959, introduced the bill (S. 2144) to simplify, consolidaté, and improve the authority of the Secretary of Agriculture with respect to loans to farmers and ranchers, and for other purposes, which he asked to have lie on the desk until the close of business tonight, to make it possible for other Senators to add their signatures as cosponsors. At the request of the Senator from Colorado, I ask unanimous consent that the bill be permitted to lie on the desk until Monday night for that same purpose.

The PRESIDENT pro tempore. Without objection, it is so ordered.

ADDRESSES, EDITORIALS, ARTI-CLES, ETC., PRINTED IN THE AP-PENDIX

On request, and by unanimous consent, addresses, editorials, articles, etc., were ordered to be printed in the Appendix, as follows:

By Mr. JOHNSON of Texas:

Tribute to Roy Bedichek, of Falls County, Tex., published in the New York Herald Tribune of June 12, 1959.

By Mr. HUMPHREY:

Address Orville L. Freeman, Governor of Minnesota, delivered at Jefferson-Jackson Day dinner, at Newark, N.J., on May 9, 1959, which will appear hereafter in the Appendix.

which will appear hereafter in the Appendix.

By Mr. CASE of South Dakota:

Address entitled "Cars, Cows, and Highways, delivered by Ellis L. Armstrong, Commissioner of the Bureau of Public Roads, at the 68th annual convention of the South Dakota Stockgrowers Association, at Rapid City, S. Dak, on June 4, 1959.

By Mr. MURRAY:

Address delivered by Mr. Clay L. Cochran, of the industrial union department of the AFL-CIO, at the National Farmers Union convention, in Springfield, Ill.

By Mr. CARLSON:

Address on the functioning of the courts, delivered by Ross L. Malane, president of the American Bar Association, at the annual

American Bar Association, at the annual meeting of the Kansas State Bar Association

at Hutchinson, Kans., on May 8, 1959.

By Mr. KEATING:

Address by Samuel F. Pryor, vice president Pan American World Airways, delivered before graduating class of St. Bonaventure University, New York, June 7, 1959.

By Mr. LAUSCHE:

Letter addressed by him to Attorney General William P. Rogers regarding the Parker lynching case in Mississippi.

By Mr. NEUBERGER:

Excepts from address by Francis O. Wilcox, Assistant Secretary for International Organization Affairs, delivered before the National Crizens Committee for the World

National Citizens Committee for the World Health Organization on June 8, 1959.

Letters written by Dr. Jacobson, dean of the School of Education, University of Oregon, and Mr. Guilford Jameson, ICA Deputy Director for Congressional Relations.

By Mr. PROXMIRE:

Editorial entitled 'Higher Interest Rates and New Debt Limit To Pay Them," published in the Capital Times, of Madison, Wis., on June 10, 1959. on June 10, 1959.

on June 10, 1959.

By Mr. YARBOROUGH:
Editorial entitled "Waste of Water Can
Lead to Real Trouble for USA," from the
Saturday Evening Post for June 6, 1959.
Editorial entitled "What Money Can Do,"
from the Washington Post and Times Herald

of May 29, 1959.

Editorial entitled "Who's Responsible for Inflation," from the Tulia (Tex.) Harald for June 4, 1959.

By Mr. WILEY: Articles from the Christian Science Moni tor and the Chicago Daily Tribune relating

to the tourist attractions of Wisconsin.

By Mr. BYRD of West Virginia:

Poem entitled "Hill Hunger," written by
Lillian Mayfield Roberts, and published in the West Virginia Review.

THE STATE OF CONGRESS

PROXMIRE. Mr. President, various leading Members of Congress have talked in glowing terms about the accomplishments of the Congress to date. Other commentators have called it a "do nothing," "do little," "won't do," or even an "alibi Ike," or perhaps I should say "Alibi is 'Ike'," Congress.

This morning's New York Times car-

ries an objective and, in my judgment, unusually accurate evaluation of what

the Congress has done to date.

The point of the New York Times editorial is that if this Congress is to have an impressive record, its job lies ahead. It has not done the job yet.

Congress has made no real progress with such problems as aid-for-education legislation, a farm program, and civil rights, to mention a few of the more important challenges.

On the other hand, as the New York Times points out, the last 2 months of a session are likely to be its most product tive. Furthermore, we are in only the first year of the 2-year 86th Congress.

The Times sympathetically perfeives another ironic problem of this Congress. As the editorial puts it:

The cruelest of all for a relatively liberal Congress. A group of men elected on pledges of clearing slums, building hospitals and providing jobs in distressed areas finds itself asked instead to raise interest rates and curb spending.

Mr. President, I ask unanimous consent that this shrewd analysis of the progress of the Congress to date be printed in the Record at this point.

There being no objection, the editorial was ordered printed in the RECORD, as follows:

[From the New York Times, June 12, 1959] THE STATE OF CONGRESS

Senator Lyndon Johnson, the Democratic leader, is justified in his annoyance at charges that the present session of Congress is establishing a "won't do" record. As al-

ways, the true portrait of the session will be painted in its last 2 months, and Senator Johnson has listed an impressive array of legislation he counts on passing in that time. Although the record to date is not exceptional for accomplishment, neither is it a record of unusual sluggishness. Some important items have already reached the Presi-

But the final judgment of a Congress must rest more on the quality of what is done than the quantity. What are the major problems confronting the country, and what will Con-

gress do about them?

The major problems are of exceptional difficulty and complexity: Labor union reform; the farm problem; the "mix" in our defenses; civil rights and the Negro problem generally; the national shortage of school classrooms; and, involved in some of the others, the fiscal condition of the Government and the everpresent.threat of inflation.

Each of these contains its inherent di-The last named, the "spending" lemmas. issue, is in a sense the cruelest of all for a relatively liberal Congress. A group of men elected on pledges of clearing slums, building hospitals and providing jobs in distressed areas finds itself asked instead to raise in-terest rates and curb spending—and with

solid justification.

terest rates and curb spending—and with solid justification.

Many of these dilemmas have temporarily resolved themselves in delay. The men in charge of farm legislation cannot even agree on a wheat program, let alone a basic charge in the disactrous farm program generally. Labor reform is touch-and-go in committee in the House. The housing and airport bills, passed with a fiburish by the Serate in its first few weeks, are still mired in conference. Civil rights bills have not even been reported by subcommittees in either House. Aid to education faces the same old impasse.

But the problems will not go away just because they are diffict t. The President has presented a program in each of these areas. While Senator Johnson and his followers obviously cannot be expected to enact the administration plan in every case, they have the responsibility to produce legislation that both attacks the problems and is not so far from the President's wishes as to invite a veto. Senator Johnson and Speaker Rayburn face a formidable task of reconciliation and compromise, a task that has its hardest days ahead. In the end, the evaluation of this Congress will rest upon how well they succeed in it.

ENTENNIAL OF BIRTH OF THOMAS J. WALSH, OF MONTANA

Mr. MURRAY. Mr. President, I call attention to the fact that today is the centennial of the birth of the late illustrious Thomas J. Walsh, Senator from Montana.

Although he may be remembered longest for the notable service he rendered in the exposé of the fraudulent naval oil leases, there are other issues that brought him inevitably along the road to fame. He had the daring and prophetic vision to recognize industrial potentialities in the Nation's resources. He believed that Americans should not allow the immense waterpower in streams to flow to the seas without benefit to the people. But, as his biographer, Miss Josephine O'Keane, has pointed out, he fought every proposal to divest the Nation of this wealth by giving private interests access to public resources and granting favors to private utility companies and other corporations. His views in defense of public power and water rights covered more

than 2,000 pages in a single session of the Congressional Record. Few bills in the fields of reclamation-irrigation, agriculture, mining, and Federal highway construction escaped his touch. Much of the reclamation-irrigation program now underway, for instance, stems from his prophetic thinking.

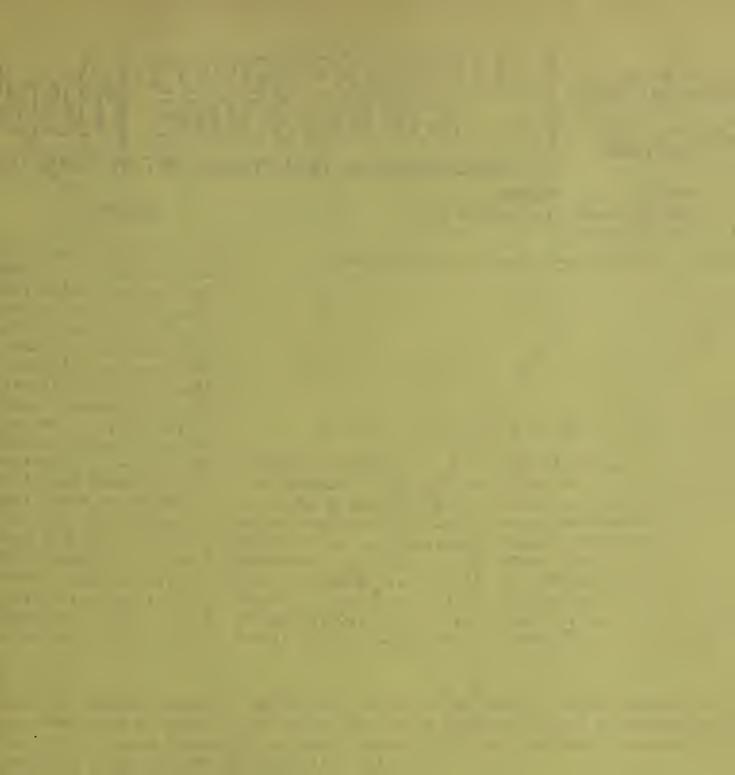
His was the 'laboring oar in connection with the important legislation which resulted in construction of the St. Lawrence Seaway, the creation of which will have profound impact upon the land-locked Middle West. He saw tremen-dous economic advantages in that water-way. The last public service Senator Walsh rendered was his plea that brought the Seaway Treaty to the Senate Chamber. The measure carried over into a new administration, where others took up the banner the fallen Senator had dropped. Coincidentally, this summer the factor of the senator had dropped. mer the first oceangoing vessels are docking in Duluth—1,500 miles from seacoast—and are unloading cargo from

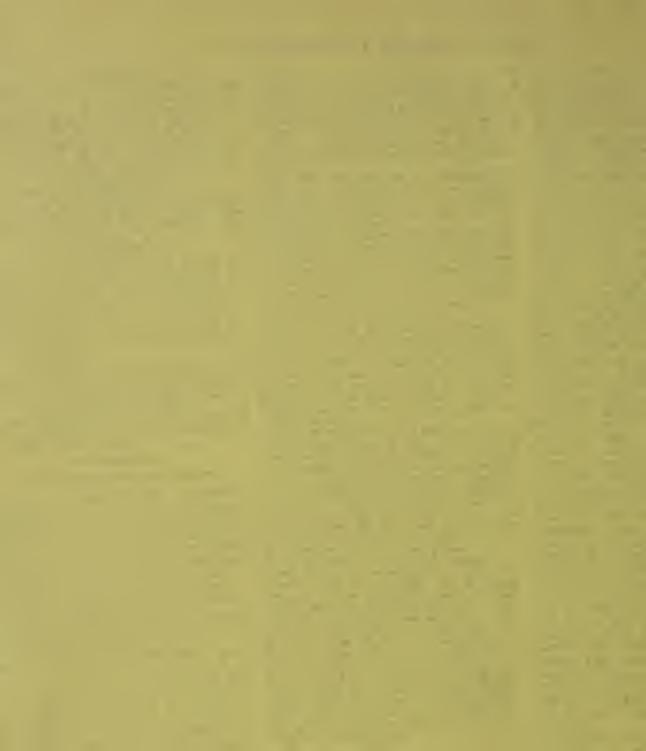
the ends of the world.

Senator Walsh, like Jefferson, was always interested in the welfare of the common man. His uncompromising stand for workmen's rights against industrial interests practically made him a legend. Because the postwar unemployment resulted from the cessation of tremendous war expenditures, Senator Walsh contended that it was absolutely necessary that governmental capital should be invested on a large scale to combat the unemployment destitution of 1929. With that end in view, Walsh effectively argued that Congress should formally recognize the maintenance of full employment as a national policy, just as it had decreed as a national policy the right of farmers to parity of income with other groups. He was convinced that nothing contributed more to stable farm prosperity than the maintenance of full employment in the cities and the assurance of adequate purchasing power for both farm and factory products.

The senior Senator from Arizona [Mr. NAYDEN] and the senior Senator from Georgia [Mr. Russell] served with Tom Walch, and I know that they share the great regard and affection I had for him. The junior Senator from Alaska [Mr. Gruenint] was well acquainted with Tom Walsh. The senior Senator from Wyoming [Mr. O'Mahoney] served on Senator Formital's staff during part of Wyoming Mr. O'MAHONEY served on Senator Kendrick's staff during part of Mr. Walsh's tenure, and recently he called attention to another successful fight led by Tom Walsh. That occurred in 1925, when President Coolidge nominated Charles Beecher Warren, of Michigan, to be Attorney General. Senator Walsh opposed this nomination, not on partisan or personal grounds, but because Mr. Warren was closely associated with the activities of the Sugar Trust. Senator Walsh led the successful fight against confirmation of Mr. Warren's nomination. Warren's nomination.

Mr. President, in closing I wish to impart one further thought. Earlier this year Montana placed a statue of Charles M. Russell, our great cowboy-artist, in Statuary Hall. Montana is entitled to have one more of its citizens memorialized here in the Capitol. It is up to the





Digest of CONGRESSIONAL PROCEEDINGS

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

OFFICE OF BUDGET AND FINANCE

(For Department Staff Only)

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HIGHLIGHTS: Senate agreed to wheat bill as passed by House. Senate agreed to conference report on housing bill. Senate committee reported mutual security authorition bill. Senate committee reported general government matters, independent offices, and State-Justice appropriation bills.

SENATE

1. WHEAT. By a 44-40 vote, receded from the previous disagreement of the Senate to the amendments of House to S. 1968, the wheat bill, and agreed to the bill as passed by the House (pp. 10366-7, 10431, 10436-43). Agreed to a motion by Sen. Ellender to table a proposed amendment by Sen. Case, S. Dak., which would have reduced the level of price supports provided in the bill from 90 to 85 percent of parity (pp. 10440-42). This bill will now be sent to the President. Sen. Ellender inserted an explanation of the bill as passed by the House

"The House amendment to S. 1968 is a complete substitute for the Senate provisions. It would make the following changes in existing law:

"With respect to the 1960 and 1961 wheat crops, it would --

"(1) Provide price support at 90 percent of parity,

"(2) Reduce each farm acreage allotment by 25 percent.

"(3) Require, as a condition of wheat price support, that the farm acreage of price supported crops be reduced below the 1957 and 1958 average by an acreage equal to the 25 percent reduction in the wheat acreage allotment.

"(4) Provide for a payment in kind (equal to one-third of the average annual wheat yield) for the acreage representing the 25 percent reduction, if such acreage is not harvested or grazed.

((5) Provide that the acreage represented by the 25 percent reduction

shall be ineligible for the conservation reserve.

"(6) Limit price support to the commercial area and, if marketing quotas are not disapproved, to cooperators.

"(7) Provide price support at 50 percent of parity to noncooperators, as

well as cooperators, if marketing quotas are disapproved.

"(8) Provide that if marketing quotas are disapproved, the minimum Commodity Credit Corporation sales price for wheat for unrestricted use shall be 105 percent of 75 percent of parity, plus reasonable carrying charges.

"(9) Impose penalties on the actual yield of the excess acres (or double the normal yield if the actual yield is not shown); except that if the actual yield does not exceed the normal yield of the farm acreage allotment, the marketing excess would be reduced to zero.

"(10) Increase the marketing penalty to 65 percent of parity.

"(11) Reduce the 15-acke exemption to the small of (A) 12 acres, or (B) the highest acreage planted in 1957, 1958, or 1959.

"(12) Remove the 30-acre limitation on the feed wheat exemption.

"The House amendment contains a \$35,000 limitation on price support for wheat per producer per year, which we understand is intended to be permanent. In addition the House amendment would permanently --

"(A) Provide that in any case in which the wheat marketing excess for a farm is reduced to zero by reason of underproduction, the farm, county, and State shall not receive an acreage history penalty by reason of the overplanting.

"(B) Base eligibility for voting in marketing quota referendums on compliance with allotments in the year in which the referendum is held (rather than on being subject to the quota being voted on).

"(C) Repeal the 200 bushel wheat marketing quota exemption.

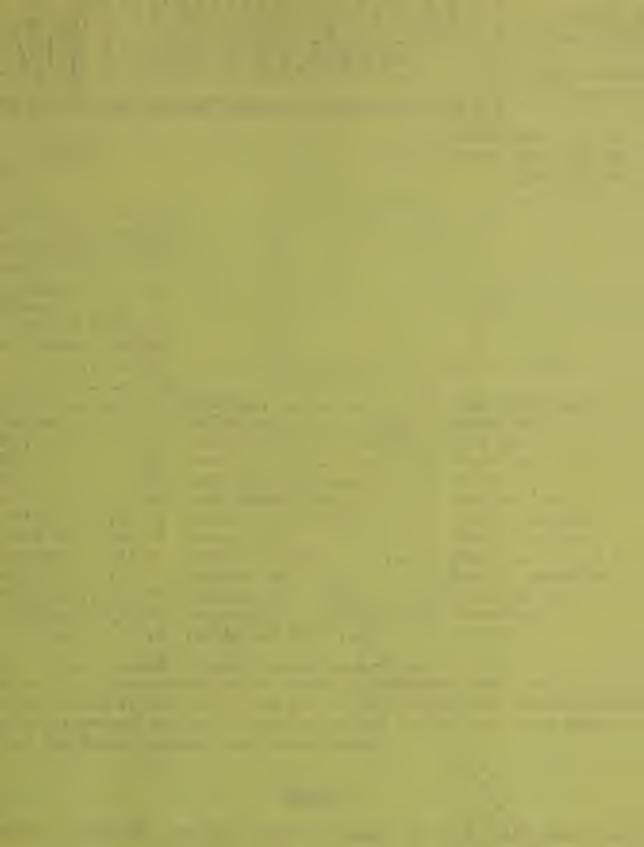
- "(D) Repeal a requirement that an additional allotment list be kept by the county agent or local committee chairman."
- 2. HOUSING. Agreed, 56 to 31, to the conference report on S. 57, the housing bill for 1959 (pp. 10383-8, 10389-436). See Digest 102 for a summary of items of interest to this Department.
- 3. APPROPRIATIONS. The Appropriations Committee reported the following bills with amendments: p, 10355

H. R. 7040, the independent offices appropriation bill for 1960 (S. Rept. 423).

H. R. 7176, the general government matters appropriation bill for 1960 (S. Rept. 422).

H. R/ 7343, the State-Justice appropriation bill for 1960 (S. Rept. 424).

- 4. MUTUAL SECURITY. The Foreign Relations Committee reported with amendment S. 1451, to extend the mutual security program (S. Rept. 412). p. 10354
- 5. PERSONNEL; HEALTH. A subcommittee of the Post Office and Civil Service Committee voted to report to the full committee S. 2162, to provide a health benefits program for Government employees. p. D511





Digest of Congressional Proceedings

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

OFFICE OF BUDGET AND FINANCE

(For Department Staff Only)

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HIGHLIGHTS: Senate passed: State-Justice appropriation bill. Independent offices appropriation bill. Senate committee reported Labor-HEW appropriation bill. House agreed to conference report on housing bill. Sen. Marray and other Senators and lep. Metcalf introduced and Sen. Murray discussed bill to authorize additional appropriations for forest agrees roads development.

SENATE

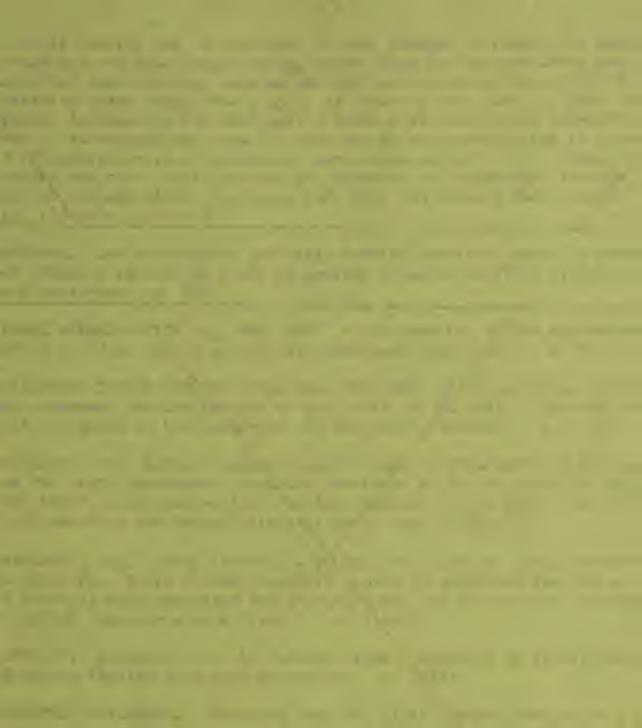
- 1. STATE-JUSTICE APPROPRIATION BILL, 1960. Passed, 90 to 0, with amendments this bill, H. R. 7343 (pp. 10491-502, 10506-11). Conferees were appointed (p. 10511). House conferees have not yet been appointed.
- 2. INDEPENDENT OFFICES APPROPRIATION BILL, 1960. Passed, 89 to 1, as reported this bill, H. R. 7040 (pp. 10525-30). Conferees were appointed (p. 10530). House conferees have not yet been appointed.
- 3. LABOR-HEW APPROPRIATION BILL, 1960. The Appropriations Committee reported with amendments this bill, H. R. 6769 (S. Rept. 425). p. 10480
- 4. ELECTRIFICATION. The Public Works Committee reported with amendments H. R. 3460, to amend the TVA Act of 1933 so as to provide for the issuance of revenue bonds by TVA to finance additions to its power system (S.Rept. 426). p. 10480

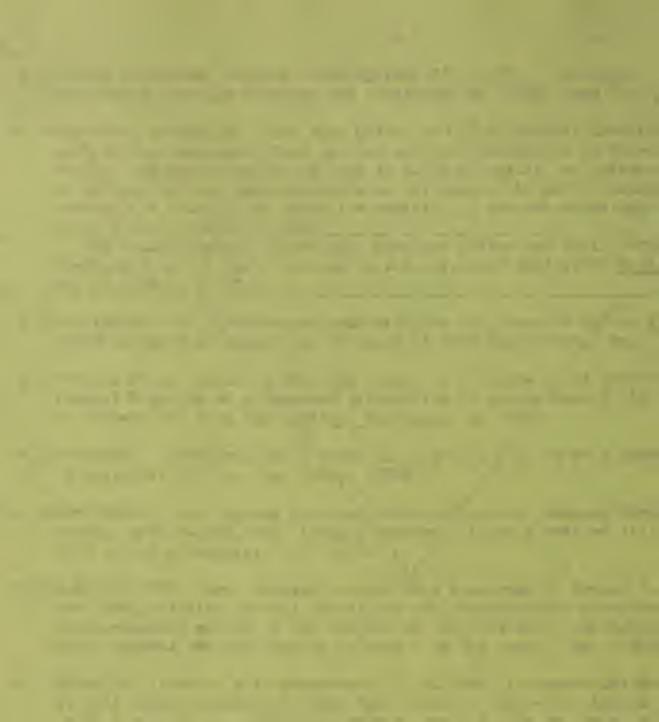
- 5) GENERAL COVERNMENT MATTERS APPROPRIATION BILL, 1960. This bill, H. R. 7176, was made the unfinished business for consideration today, June 24. p. 10530
- 6. PERSONNEL; ACCOUNTING. The Post Office and Civil Service Committee voted to report without amendment (but did not actually report) H. R. 6134, to amend the Federal Employees Pay Act of 1945 so as to eliminate the authority to charge to certain current appropriations or allotments the gross amount of the salary earnings of Federal employees for certain pay periods occurring in part in previous fiscal years. p. D517

The "Daily Digest" states that the Post Office and Civil Service Committee "postponed action for 1 week on S. 2162, Federal Employees' Health Benefits

Act of 1959." p. D517

- 7. MEAT INSPECTION. Both Houses received from GAO a report on the review of activities of the Meat Inspection Division of this Department, pp. 10479, 10618
- 8. FATS AND OILS. Received from CSA a copy of a notice to be published in the Federal Register of a proposed disposition of approximately 265 million pounds of coconut oil from the national stockpile. p. 10478
- 9. NOMINATION. Confirmed the nomination of Brooks Mays to be a member of the Board of Directors of TVA. pp. 10514, 10540
- 10. FARM INCOME. Sen. Langer inserted a GTA Daily Radio Roundup discussing farm income, and stating that "farming continues to be a sort of island of recession in a sea of prosperity." p. 10504
- 11. TRANSPORTATION. Sen. Schoeppel inserted a statement by Ernest J. Williams before the Transportation Council discussing the comprehensive study being made of transportation policy at the request of the President, including activities on which reports are expected to be made from the study. pp. 10504-6
- 12. CONTRACTS. Passed, with amendments, H. R. 7086, to extend the Renegotiation Act of 1951 until December 31, 1961 (pp. 10511-2, 10514-6). Agreed to an amendment by Sen. Butler to prohibit Government agencies from inserting provisions in certain contracts which would limit profits under the contract (p. 10515).
- 13. SURPLUS FOODS. Sen. Humphrey inserted two articles, "Our Wheat Surplus: 100
 Billion Loaves," and "Farm Surplus Bill Extension Vital," discussing the surplus
 food situation and activities under <u>Public Law 480</u> for distributing such food
 abroad. pp. 105/2-3
- 14. FORESTRY. Sen. Morse inserted a report prepared for him by the Small Business Administration listing timber sales by the Forest Service from tracts which had been set aside for competitive bidding by small business. p. 10534
- 15. FOREIGN AFFAIRS. Sen. Mansfield inserted a list of bills on which hearings will be held by the Foreign Relations Subcommittee on State Department Organization and Public Affairs beginning July 6. p. 10489
- 16. LEGISLATIVE PROGRAM. Sen. Johnson announced that S. 1451, the <u>mutual security</u> authorization bill, and H. R. 3460, the <u>TVA</u> self-financing bill, will be considered in the next few days. pp. 10478, 10511





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Still pending are an amendment by Sen. Dirksen to reduce the amount to be loaned and the time period during which loans can be made under the Development Loan Fund and to change from authorizations to appropriations the method of obtaining these loans, and a point of order by Sen. Case, S. Dak., against present language in the bill making funds available to the Development Loan Fund by authorizations from the Treasury on the grounds that it constitutes an appropriation in a legislative authorization bill. Sen. Aiken and others pointed out that other programs are financed by borrowings from the Treasury without appropriations including CCC, REA, and Farmers Home Administration. (pp. 11312-48, 11351-62).

- 14. PERSONNEL. The Post Office and Civil Service Committee voted to report (but did not actually report) S. 2162, to provide a health benefits program for Government employees. p. D554
- 15. DEFENSE APPROPRIATION BILL FOR 1960. A subcommittee of the Appropriations Committee voted to report to the full committee this bill, H. R. 7454. p. D554
- 16. LEGISLATIVE BRANCH APPROPRIATION BILL FOR 1960. Received House message regarding amendment in disagraement on this bill, H. N. 7453. Requested conference with the House on the amendment and appointed conferees. p. 11350
- 17. FISHERIES. Sen. Bartlett summarized the views of Ambassador MacArthur, speaking for the State Department, opposing enactment of S. 502, prohibiting importation into the U. S. of salmon from foreign countries which permit the fishing of North American run salmon with gill nets. pp. 11299-300
- 18. SOIL BANK. Sen. Langer inserted a N. Dak. Non-Partisan League resolution requesting Gov. Davis to ask Secretary Renson to authorize the use of up to 50% of the soil bank grassland for emergency hay and pasture use "to save the livestock industry of the State." pp. 11263-4
- 19. MARKETING. Received from the Federal Trade Commission an interim report, "Economic Inquiry Into Food Marketing." p. 11263
- 20. PERSONNEL; RETIREMENT. Received from the Civil Service Commission a report of the Board of Actuaries on the valuation of the Civil Service Retirement System as of June 30, 1958 p. 11263
- 21. SECURITY. Sen. Keating stated that the Supreme Court decision on the Greene case (stating that neither the President nor the Congress had authorized a security program lacking the safeguard of allowing the accused to confront his accusers) "seriously impairs the security system of our Nation," and inserted an editorial commending the Court's opinion. p. 11298
- 22. GOVERNMENT SECRECY. Sen. McGee inserted and commended an article urging greater access of the public and Congress to executive department material and criticizing the "executive privilege doctrine as proclaimed by the Eisenhower Administration." pp. 11306-9
- 23. INTEREST RATES. Sen. Bush inserted and commended an editorial urging Congressional adoption of the proposal to raise interest rates on certain Government bonds. p. 11310
- 24. INFLATION; ECONOMIC GROWTH. Sen. Bridges inserted several articles, "Gloom Prophets Proved Wrong -- Resurging Economy Seen Halting Fears Spread by Recession Demagogues," "Europe Looks at U. S. Economy -- U. S. Weathering of

- Recent Recession Without Spending Spree Stirs Relief," "Inflation's Menace," and "Democrats Find Good Times Bad." pp. 11362-5
- 25. LEGISLATIVE PROGRAM. Sen. Johnson announced that the Senate would continue debate on S. 1451, the mutual security authorization bill through Thursday, and if necessary on Friday, and that conference reports could be brought up at any time. pp. 11263, 11353.

ITEMS IN APPENDIX

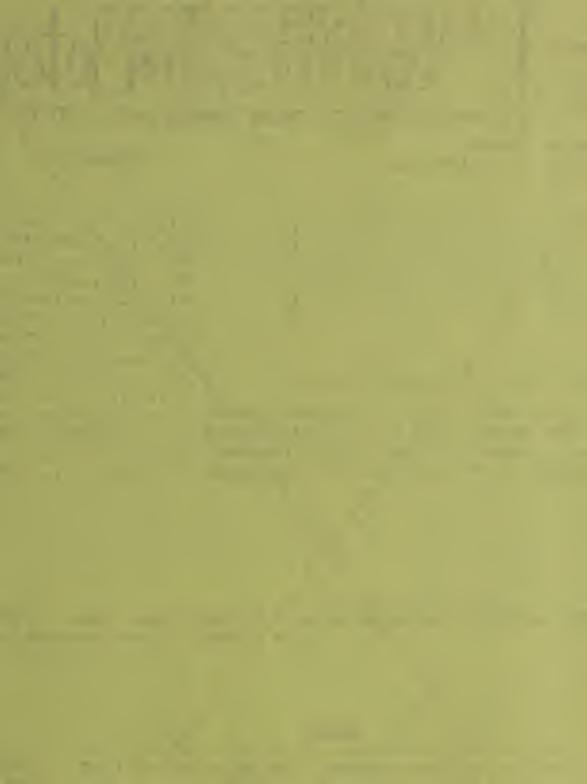
- 26. WHEAT. Sen. Langer inserted a GTA radio roundup discussing the wheat price support bill prior to the President's veto. p. A5677

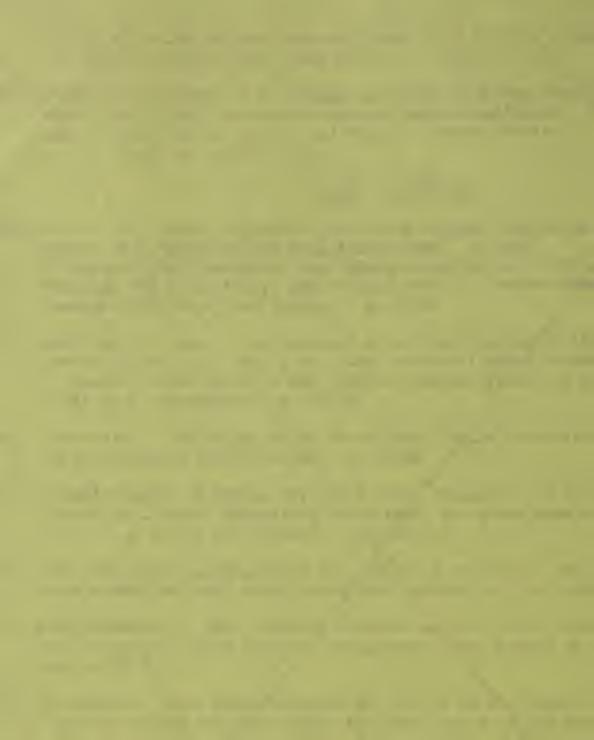
 Extension of remarks of Rep. Dixon inserting an editorial, "One Step Forward, Two Steps Back," and stating that it "characterizes the wheat bill passed by the House and Senate." p. A5704
- 27. CREDIT UNION. Rep. Foley inserted a statement outlining the "pros and cons of credit unions" prepared by the Maryland Credit Union League. pp. A5688-9

 Speech in the House by Rep. Cohelan paying tribute to the credit union on their 25th anniversary. p. A5722
- 28. CORN TASSEL. Extension of remarks of Rep. Carter supporting the corn tassel as the national floral emblem. p. A5690
- 29. ELECTRIFICATION; FEDERAL-STATE RELATIONS. Extension of remarks of Rep. Poff inserting a letter discussing a reference which was made to the alleged impact of H. R. 3 on the REA program. pp. 46693-4
- 30. CCC. Extension of remarks of Rep. Gathings discussing reference which had been made regarding loans made to soybean growers in Miss. County, Ark. p. A5698
- 31. WATER RESOURCES. Rep. Libonati inserted an III. State resolution urging that all necessary action be taken to preserve water rights of individual States. pp. A5699-700
- 32. RECLAMATION. Sen. Engle inserted his letter to the editor of the Washington Post discussing questions which had been raised in the criticism of the proposed San Luis irrigation project. p. A5713
- 33. FARM PROGRAM. Rep. Johnson, Wis., inserted the statement of Edwin Christianson, pres., Minnesota Farmers Union, before the House Agriculture Committee on the farm program. pp. A5717-3

BILLS INTRODUCED

- 34. RESEARCH. S. 2318, by Sen. Bible (for himself and Sen. Cannon), to provide for research into and development of practical means for the utilization of solar energy; to Aeronautical and Space Science Committee. Remarks of Sen. Bible. pp. 11265-6
- 35. SOIL BANK. S. 2323, by Sen. Young, N. Dak. (for himself and Sen. Langer) to amend the Soil Bank Act so as to authorize the Secretary of Agriculture to permit the harvesting of hay on conservation reserve acreage under certain conditions; to Agriculture and Forestry Committee.





Digest of CONGRESSIONAL PROCEEDINGS

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

OFFICE OF BUDGET AND FINANCE

(For Department Staff Only)

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HIGHLIGHTS: Senate debated mutual security authorization bill. Senate committee reported employee health insurance bill.

SENATE

- PERSONNEL. The Post Office and Civil Service Committee reported with amendment S. 2162, to provide a health benefits program for Government employees (S. Rept. 468). p. 11493
- 2. ELECTRIFICATION. The Public Works Committee reported with amendment H. R. 3460, to amend the TVA Act of 1933 so as to provide for the issuance of revenue bonds by TVA to finance additions to its power system (S. Rept. 470) p. 11412
- 3. LANDS. Sen. Neuberger inserted an editorial, "Shoreline S.O.S.," favoring enactment of legislation for the purchase and preservation of shoreline areas of the U.S. for recreation purposes. pp. 11415-6
- 4. FOXEIGN AID. Sen. Bridges inserted an article, "Foreign Aid, Trade Called Trap," commending Sen. Schoeppel's warning "against a continuation of present U. S. foreign aid programs and reciprocal trade pacts." pp. 11417-8
- 5. FARM LABOR. Sen. Humphrey inserted and commended an editorial, "Focus on Farm Labor," stating that "Secretary of Labor Mitchell has shown considerable courage

and humanity in seeking to improve the lot of migratory farm workers, and contending that "Extraordinary pressures are being exerted" to prevent hearings on this situation. p. 11418

- 6. MONOPOLIES. Permission was granted to Sen. Dirksen to file his views on S. 716, to authorize the Attorney General to compile the production of documentary evidence required in civil investigations for the enforcement of the anti-trust laws. p. 11412
- 7. MUTUAL SECURITY. Continued debate on S.1451, the mutual security authorization bill for 1959. pp. 11425-48, 11449-70, 11470-4, 11480-92

Agreed to the following amendments:

By Sen. Johnson (for himself and Sen. Dirksen), reducing the amount of funds to be advanced to the Development Loan Fund from the committee-approved \$5 billion for 5 years to \$2 billion for 2 years and authorizing this amount to be appropriated, not merely made available through the legislative bill. Sen. Case, S. Dak. withdrew his appeal of a ruling by the chair overruling his point of order that this provision was an appropriation in a legislative bill. Sen. Dirksen inserted a statement on the probable impact on CCC, REA, and Farmers Home Administration if appropriations were required of all agencies receiving borrowing authority from the Treasury through authorizations (pp. 11425, 11428).

By Sen. Humphrey, to provide that earmarked funds (under sec. 402 of the Mutual Security Act providing for financing of the export and sale for foreign currencies of farm goods) "can be used for financing grants of surplus agricultural commodities as well as sales for foreign currencies," and for maximum use of surplus foods made available to foreign countries for domestic distribution to the needy as well (p. 11474).

By Sen. Javits, to provide for studies from time to time concerning the role of private enterprise in the foreign policy of the U. S. (p. 11473).

- 8. LEGISLATIVE PROGRAM. Sen. Johnson announced that the calendar will be called Mon., July 6. p. 11470
- 9. ADJOURNED until Mon., July 6. p. 11495

HOUSE

- 10. MINERALS. A subcommittee of the Interior and Insular Affairs Committee voted to report to the full committee H. Con. Res. 177, 178, N9, 180, 181, 182, 183, 184, and 189, expressing the sense of Congress for aid to the domestic mining and minerals industries. p. D563
- 11. ADJOURNED Antil Mon., July 6. p. 11505

ITEMS IN APPENDIX

- 12. WATER RESOURCES. Extension of remarks of Sen. Kerr inserting his recent address describing the value of and the progressive development of the water resources in Okla. pp. A5724-5
- 13. FOREST PRODUCTS. Extension of remarks of Sen. Neuberger inserting an editorial, "Political Pap Versus Economic Facts," and stating that it "effectively demoishes the false claim that imports of Japanese plywood had depressed the Oregon lumber market during 1957 and 1958." pp. A5725-6

REPORT No. 468

FEDERAL EMPLOYEES HEALTH BENEFITS ACT OF 1959

July 2, 1959—Ordered to be printed

Mr. Johnston of South Carolina, from the Committee on Post Office and Civil Service, submitted the following

REPORT

together with

INDIVIDUAL VIEWS

[To accompany S. 2162]

The Committee on Post Office and Civil Service, to whom was referred the bill (S. 2162) to provide a health benefits program for Government employees, having considered the same, report favorably thereon with an amendment, and recommend that the bill, as amended, do pass.

AMENDMENT

The committee amendment strikes out all of the bill after the enacting clause and substitutes therefor a new bill which appears in the reported bill in italic type.

BACKGROUND

Prepaid health benefits are available today to 123 million persons in the United States and assist in financing more than half of the Nation's hospital bill and a sizable proportion of the Nation's bill for physicians' services. The growth of voluntary health programs into

physicians' services. The growth of voluntary health programs into \$4.5 billion industry is an indication of the value placed on the opportunity to budget medical expenses by the American people. More than 75 percent of those enrolled in prepaid health benefits plans are enrolled through the place they work, clear evidence of the recognition by private employers that participating with their employees in obtaining health insurance contributes to the well-being and efficiency of their workers.

The Federal Government has for many years lagged behind private industry in not making it possible for its employees to purchase health insurance at group rates by authorizing payroll deductions. That Federal employees are anxious to have the protection afforded by an adequate health program is plain from the fact that they have on their own initiative developed quasi-groups of various kinds. Employees have made arrangements with insurance companies, Blue Cross and Blue Shield, or have formed their own benefit and insurance organizations, or as union members purchased group policies.

LEGISLATIVE HISTORY

Starting in 1947, there have been at least 30 bills introduced in the House and Senate to establish a program for Federal employees providing for (1) payroll deductions for premiums, (2) Federal contribution, (3) latitude to select a health benefits plan that fits the employees' health needs.

The present administration has sponsored several types of proposals in the past. All of them have called for a Federal contribution. Extensive hearings were held in May and June of 1956 by the House Post Office and Civil Service Committee. In the past no bill has come out of committee in either the House or Senate, largely because there were disagreements about details between and among employee groups, the carriers and the proponents of the bills.

The Subcommittee on Health Insurance of the Senate Post Office and Civil Service Committee held hearings on S. 94 on April 14, 16, 21, 23, 28, and 30, 1959. Fifty-four witnesses were heard. In addition, numerous organizations submitted statements and exhibits.

The report on the hearings covers 364 pages.

Unlike many proposals of the past this measure has the endorsement of—

The American Medical Association. The American Hospital Association.

The insurance industry.

Blue Cross and Blue Shield.

Group practice plans. Federal employee unions.

This is the first time all these interested parties to such a program have been in agreement.

FREE CHOICE AMONG PLANS

For most employees there would be a choice between two alternative plans—

1. A Blue Cross-Blue Shield and supplemental benefits "package" with basic benefits on a service basis, a deductible and a fixed ceiling on the amounts of coinsurance paid by the employee.

2. An insurance company "package" similar to No. 1, but

providing cash indemnity benefits.

Employees belonging to a national employees association offering a qualified plan to its members, or living in an area served by a qualified group practice prepayment plan, would have the alternative choice of enrolling in such plans.

EFFECTIVE DATE

The bill would become effective on July 1, 1960.

STATEMENT

The bill provides Federal civilian employees with health benefits comparable to those available to other large employee groups by authorizing (1) payroll deductions and (2) an equal contribution by the Government to meet the costs of the program. It provides that employees may choose to participate or not and may select from among several plans offered by approved carriers. It provides for inclusion of the members of the employee's immediate family, if desired, and for the continuation of benefits to future annuitants and their families, and for survivors. Separated employees may continue their protection without further Government contribution. The bill provides for the orderly development and administration of the program under the Civil Service Commission.

In developing a program of health benefits for Federal employees, the committee established a set of guiding principles to be observed. These principles fall into three categories; those relating to employee interests and concerns; those relating to the Federal Government as an employer; and those relating to governmental interest in the impact of so large a program upon the provision and cost of health service to the entire population. Some of these principles and the provisions of the bill which reflect them are closely interlocked and

substantial modification of one would in turn affect another.

Principles related to the interests of employees

The program should embrace as many Federal employees as feasible. It should provide coverage for members of an employee's immediate family.

For overseas employees and their families, coverage should be con-

tinuous whether or not they are overseas or on home leave.

The program should provide employees with benefits which they

cannot obtain for themselves at a comparable cost.

Employees should within limits have freedom to select the kind of plan that they deem most suitable for their needs.

Employees should be provided with a health benefits plan that removes uncertainty as to the medical bills to be met out-of-pocket.

Premiums and costs should be fixed in advance on a relatively-stable basis so employees can budget their health care expenditures.

The program should recognize the problems of the low income employee and be specifically designed to aid such employees in securing health benefits.

Annuitants should join with active employees in contributing to costs and should receive equal assistance from the Federal Government in meeting costs.

Employees separated from the Federal service should be able to continue their benefit program as individuals on a conversion basis

but without benefit of Government contribution.

Participation in the program should not terminate because of health or employment status or because of age.

Principles related to Government as an employer

As an employer concerned with attracting and retaining the services of competent personnel, the Federal Government should offer employee-benefit programs comparable to those of other large employers.

The Federal Government has a greater opportunity than other employers to influence soundly the development of health services and ways of financing their costs. This opportunity should be used to encourage all responsible and promising efforts and not be arbitrarily limited to any single approach. Reasonable competition among different types of programs will provide Federal employees with a better program. However, unrestricted competition could make the program administratively unwieldy and ineffective.

As with any program of this magnitude, continuing study should

suggest possible improvement and change.

Principles related to the F-deral Government's interest in the impact of this large program upon the provision and cost of health service to the entire population

The committee intends that in providing Federal employees with health benefits it shall foster the types of health benefit programs that encourage prevention and discourage unnecessary use of expensive facilities and services.

The committee also seeks to avoid setting in motion any forces that would inflate the costs of hospital and medical care for the total population.

Persons eligible to participate

Employees.—It is the intent of the committee that civilian employees generally be eligible to participate in the health benefits program.

The bill applies to overseas employees.

By regulation, the Civil Service Commission may provide for the exclusion of employees on the basis of the nature and type of employment or conditions pertaining thereto such as short-term appointments, seasonal or intermittent employment, and employment of like nature, but no employee or group of employees shall be excluded solely on the basis of the hazardous nature and type of employment or conditions pertaining thereto.

The bill does not include county office employees of the Agriculture Stabilization and Conservation Service of the U.S. Department of Agriculture. Such employees are not employees of the Federal Government but are employees of county committees. Since they are not paid by the Federal Government, there is no Federal payroll from which to deduct their contributions and no salary allotment from which the employer's share of the premium could be drawn.

from which the employer's share of the premium could be drawn.

Employees of the TVA are excluded, by request, from the legislation. The TVA has had its own health insurance programs since 1956 involving employer contribution and deduction from employees'

paychecks.

Employees in leave-without-pay status may be authorized to continue their coverage and the coverage of members of their family. The Civil Service Commission is to promulgate appropriate regulations to take into account the different lengths of time employees are in leave-without-pay status and the factors such as illness, study periods, travel, etc. that make it appropriate or inappropriate for

the Government to continue its contribution toward the cost of

benefits for such employees.

Noncitizens employed by the Federal Government in the United States are eligible to participate. Alien employees of the United States outside the United States, its possessions, and Territories are excluded. Employees of the Federal Government in the Commonwealth of Puerto Rieo are included as are those in the Canal Zone.

Annuitants.—Annuitants who—

(1) retired on or after July 1, 1960, or

(2) retired other than voluntarily on or after the date of enact-

ment but prior to July 1, 1960,

on an immediate annuity, with at least 12 years of service or for disability, may continue under the plan they selected and enrolled in before retirement or, in the ease of annuitants mentioned in paragraph (2) above, in a plan of their choice.

The committee intends a liberal construction of the phrase "other

than voluntarily."

Deferred annuitants, regardless of length of service, do not qualify for coverage because of the requirement that they be enrolled in one of the contemplated plans immediately prior to retirement.

Annuitants retiring after July 1, 1960, with less than 12 years of service who have been enrolled in a plan immediately prior to retirement have the right to convert their coverage to an individual contract of the plan in which they were enrolled as active employees.

The committee feels that the Federal Government has its greatest responsibility to those employees who have made the Federal service their eareer and who retire from the service at an age when other forms of health insurance are not readily available to them at reasonable cost. Attention is also called to the provisions of the bill which allow any employee leaving Federal service to continue under an individual noneancelable contract. Persons who leave the Federal service for private employment, where such benefits are widely available, are now likely to be protected through such means during the interim

before they start drawing their deferred annuities.

Survivor annuitants of eligible retired employees (as defined in an earlier paragraph) and of employees who die in service after July 1, 1960, may continue their benefits if (1) they were enrolled in a plan prior to becoming survivor annuitants and (2) in the ease of survivors of active employees, if the employee had completed five or more years of service prior to his death. The stipulation that there must have been 5 years of service on the part of the deceased employee is required in order that there be an annuity payment from which the annunitant's contribution can be deducted. Survivor annuitants not qualifying to continue under the plan have the right to continue coverage under an individual contract of the plan in which they had previously been enrolled.

Contributions by annuitants

The committee considered two major aspects of this problem, namely: (1) could equitable provisions be made for the payment, during the working lifetime, for benefits received during retirement and (2) could contributions from annuitants be made by deductions from annuity checks with reasonable facility. It was reported to the committee that less than one-quarter of Federal employees continue in

Federal employ long enough to become eligible for an immediate annuity upon separation from the service. Obviously, therefore, efforts to pay all non-Government costs for retirees from contributions of active employees would impose substantial costs on many employees who would never benefit from such mandatory contributions. It appeared, therefore, that administrative convenience was the only deterrent to annuitants sharing in the costs of benefits received during retirement. Since such participation in the program after retirement is optional with the annuitant, since the actual cost of benefits used by retirees is far above the average cost per person in the program, and since such benefits are not otherwise available to older persons at comparable costs, it seemed wise to provide for annuitants to continue to share in meeting the substantial costs of the benefits provided them.

Beneficiaries of old age, survivors and disability insurance

The definition of an annuitant contained in section 2(b) as being a person retiring "under the Civil Service Retirement Act or other retirement system for civilian employees of the Government," does not intend that the old age, survivors and disability insurance program be held to be a "retirement system for civilian employees of the Government."

Federal employees compensation cases

The committee gave particular attention to the provisions for coverage of Federal employee compensation beneficiaries. The number of such cases resulting in permanent injury or death in any one year is small (1,400 permanently injured, 175 to 180 deaths annually). The compensation received under the FECA discharges the Government's special obligation to these cases. The committee, however, felt an obligation to provide the families of these cases with health benefits coverage equivalent to that available to them had not the injury or death occurred. The bill, therefore, classifies these persons as annuitants and survivors under the same terms as are applicable to other annuitant and survivor families.

Members of family.—The following members of the families of

employees or annuitants are also eligible to participate:

1. Wives and husbands: A dependent husband of a female employee is defined as a husband incapable of self-support by reason of mental or physical disability, and who receives more than one-half his support from the employee or annuitant. Husbands of female employees not classed as dependent husbands are eligible to participate but no Government contribution is made on their behalf.

2. Children: A child is defined as an unmarried child under the age of 19 including an adopted child and a stepchild or recognized natural child who lives with and receives more than half his support from the employee or annuitant or an unmarried child regardless of age who is incapable of self-support because of a mental or physical incapacity that existed prior to his reaching the age of 19 years and who is in fact dependent on the employee or annuitant for over one-half his support.

3. Where both husband and wife are employees, each may participate separately for themselves alone. If there are children and the employee wishes to enroll them, only one spouse may enroll for family

coverage.

Various birthdays were suggested as being appropriate for ending coverage of children as dependents under family policies. S. 94 included children to age 19 unless they were enrolled in a full-time course of study at an educational institution; in that event coverage was extended to the 23d birthday. The Civil Service Commission's proposal of April 15 suggested an age limit of 21 for all children

whether or not they were in school.

The committee was aware of the prevalence of college health plans and of inexpensive "education" health policies available for students. It also examined the prevailing provisions for terminating children's coverage under family policies in voluntary health insurance plans throughout the country. It concluded that it was desirable to cover children until the normal age for completing high school. At this age many young people cease to be dependent and become wage earners. Coverage to age 19 seemed, therefore, the most logical provision.

One person and family coverage and contributions

The committee considered a number of alternatives before it established the three levels of employee contributions and the two kinds of coverage—single and family—specified in the bill. In deciding against including a two-person type of coverage, the committee was convinced that two-person coverage should not be offered. Two-person families not interested in maternity benefits are usually those whose children are grown and who are approaching a period in life when their use of hospital and medical services is greater than that of young families including children. The cost of their benefits is comparable to that of younger families, including children.

The administering agency will make necessary regulations about the times at which employees may change their coverage from single to family coverage or vice versa. However, the legislation calls for filing of an application within 60 days of the occurrence of a change

in family status unless the Commission prescribes otherwise.

The committee felt that the administering agency should be free to issue regulations concerning the times and conditions under which employees or annuitants could transfer from one health benefits plan to another. These regulations should be such that no one plan will become overloaded with annuitants because of transfers made immediately preceding retirement, or in anticipation of some special benefit of the plan to which transfer is sought.

Already retired Federal employees

Ways of including the present annuitant group in the program were explored in great detail. In the interests of having legislation that would be acceptable costwise, action has been deferred on a program for the already retired. The administration has opposed providing coverage for the presently retired and their dependents and survivors. The committee intends to devote the necessary time to a study of this large and complex problem.

Types of health insurance carriers considered and reasons for inclusions and exclusions

There are between 1,000 and 1,100 different insurance carriers offering health insurance to the public. This list includes (1) 71 Blue Cross plans, 8 Blue Cross-Blue Shield plans, 58 Blue Shield plans, a number of other nonprofit plans similar to these plans except that they are not affiliated with the Blue Cross Commission and the Blue Shield

group basis.

Commission; (2) between 800 and 900 insurance companies; (3) 8 group practice prepayment plans presently enrolling community groups; (4) certain employee organizations with organized health insurance plans for their own members. In addition, a number of employee organizations have arranged contracts with insurance companies to provide health insurance coverage for their members on a

Many of the foregoing carriers are providing health benefits to Federal employees either through individual contracts or through contracts made possible by forming some kind of a group with a collection mechanism other than payroll deduction. Data were presented in the hearings showing that, taken together, the Blue Cross and Blue Shield plans covered approximately 1 million Federal employees and their families. Lesser numbers are enrolled by other identifiable groups, such as the Kaiser Health Plan, a group practice plan on the west coast with 70,000 Federal employees and their dependents enrolled, and the employee association sponsored plans.

It is obviously not feasible for the Federal Government to participate in any approach to payroll deductions and Government contributions for health insurance involving direct dealings with hundreds of different carriers. Furthermore, the history of health benefits programs indicates three major advantages accrue to employees from the formation of large groups. These advantages are (1) lower cost for broader benefits, (2) administrative savings, and (3) continuity of coverage.

At the same time, the committee recognized the validity of statements made by a number of witnesses that competition among carriers and plans was healthy and should tend to produce lower costs than if only one approach using one carrier or syndicate of carriers were used to cover all employees. For this reason, among others, the use of a single mechanism suggested by the Civil Service Commission in its testimony on April 15 was not considered as the most desirable approach.

The committee further recognized that the service benefit approach employed by the Blue Cross and Blue Shield plans to provide benefits was widely accepted both by the public generally and by Federal employees in particular.

The arrangements whereby Blue Cross members may enter hospitals without an advance deposit and leave the hospital with a minimum payment for items not covered by Blue Cross seemed desirable for low-income employees. Blue Shield's guarantees of full payment of surgical and inhospital medical bills incurred by member families with incomes below certain ceilings likewise appeared to be a helpful arrangement that should be made available to those employees wishing this provision. These features of Blue Cross and Blue Shield plans are the reason they are referred to as service benefits plans.

The committee was impressed with the fact that a majority of Federal employees had already selected the service benefit approach by enrolling on their own motion in a Blue Cross-Blue Shield plan. The committee was however aware that it could not determine employee preferences in this matter because, in the absence of payroll deductions, no adaptations of standard group insurance policies have been made generally available to Federal employees.

Testimony before the subcommittee indicated that the Blue Cross-Blue Shield plans were prepared to offer a national service type

plan. That the insurance companies were likewise prepared to offer Federal employees a single national plan was indicated in the testimony of the witness for the insurance industry and was also evident from the Civil Service Commission's proposal of April 15 and from its second proposal of May 18.

Witnesses representing prepaid group practice plans impressed the committee with the scope of benefits these plans were able to provide. The value of the preventive and diagnostic services they provide and the reductions in use of hospitals achieved by use of outpatient facilities

were noted.

Witnesses from employee organizations sponsoring health insurance plans for their members described the benefits they have made available to employees, former employees, and retired employees. Genuine hardships would be created for these plans and for the employees enrolled in these worthy efforts if the largest segment of their enrollment were prevented from continuing to participate. The plans would not be able to continue operation if confined to retired and former employees; the retired in particular would suffer.

The committee reached the conclusion that it could accomplish its several objectives by permitting employees to have a limited number of choices among carriers using the several approaches indicated. The bill therefore contains provisions which would permit employees to

select from among:

(1) A national service type plan.(2) A national eash indemnity plan.

(3) Group practice plans where they exist.

(4) Employee organization plans sponsored, contracted for, and administered in whole or substantial part by a national employee organization, available only to members of the sponsoring

organization.

Most employees would have dual choice as between a service and a cash indemnity plan (No. 1 and No. 2 above). Some employees might well have four choices. The multiple choice possibility would arise only for employees eligible to belong to an employee organization with a sponsored plan and/or for employees living in the localities

where there are qualifying prepaid group practice plans.

The degree of choice provided by the bill appears to permit competition between the two major sources of health benefits. It allows employees to select service plans such as Blue Cross-Blue Shield or eash indemnity plans. It permits the continuation of those employee plans whose participants might suffer if their enrollment of Federal employees melted away. It permits employees who wish to obtain their medical care through group practice arrangements to do so.

Benefits provided under the plans

The information provided the committee indicated that the prepayment health benefits being purchased in the United States today are continually evolving. Ten years ago benefits only for hospitalization costs were usual. Today more and more of the items contributing to a family's total medical care expenditures are being included in prepaid arrangements.

Not only is the range of prepayment benefits expanding, but diverse methods of financing health benefits also are being continuously developed. Since 1950 two important new approaches have been introduced and are being increasingly tested by various carriers. The first of these added a new rider called "major medical expense benefits" to the hospitalization and surgical-medical benefits generally included in existing insurance policies. Under plans providing these riders to the basic benefits, the insured person is responsible for paying certain fixed sums for charges incurred that exceeded basic benefits. This is called the corridor or the deductible. If incurred charges are more than this corridor, the major medical expense rider pays 75 percent or 80 percent of the remainder up to a large maximum dollar amount.

The second approach does away with the concept of basic hospital and surgical benefits and instead calls for a deductible paid by the insured patient; after the patient has paid this amount, expenses exceeding the deductible arc paid in large part (75 percent or 80 percent) by the insurer, with the patient paying the remaining 20 percent to 25 percent—again up to a large maximum. This approach

is sometimes referred to as comprehensive insurance.

In the population of the United States, a total of about 100 million persons had basic hospitalization and surgical benefits and 11 million had major medical expense as a rider or supplement to these benefits at the end of 1958. A growing number of persons are enrolled in the prepaid group practice plans; about 5 million people were eligible for benefits in plans of this type at the end of 1958.

The committee felt it would be desirable from the employees standpoint for the legislation to permit revision of benefits so that advantage could be taken of new developments in this rapidly evolving

field.

For this reason the bill provides for basic benefits in the usual patterns now applicable to 100 million persons but gives latitude for the adaptation of alternatives of existing or new types as they are developed and proven useful and sound.

Basic benefits that may be provided

The bill provides a broad framework within which the Civil Service Commission can develop specific contracts for benefits. Programs of basic benefits coupled with supplemental benefits (major medical expense) and insurance company benefits (of the type referred to as comprehensive), which impose an initial deductible paid by the patient and invoke coinsurance on the remainder can both be provided. While no maximum amounts of benefits are specified in the bill, the Civil Service Commission would have authority to establish The committee considers it unwise to tie the Civil such maximums. Service Commission's hands by specifying dollar maximums or to spell out in detail the specific benefit structures. Further limitations might prove to be unnecessary and undesirable, or some kinds of benefits might, in time, become inordinately expensive in relation to the service received by employees. Furthermore, the committee recognizes that this country may be on the threshold of several major breakthroughs in the field of medicine and in the provision of medical services partly as a result of the many programs initiated by the Congress to encourage and support medical research and health services. Therefore, the committee believes it unwise for the legislation to freeze the pattern of benefits so that future contracts could not rapidly adapt to new developments in this field.

As guidance in negotiating contracts, the bill indicates the types of **be**nefits that should be provided by at least one of the health benefits

plans which the Civil Service Commission may approve under the legislation. The language of the bill recognizes that the detailed description of benefits to be made available under it will flow from the contracts authorized by the bill and requires that this description be given to those eligible to participate.

Hospital benefits

At least one of the health benefits plans is expected to provide benefits equivalent to the full cost of hospital care in semiprivate accommodations in a general or acute special hospital for 120 days in any period of continuous care, or for 120 days in the aggregate in any period of such hospitalization separated by 90 days or less.

These benefits would apply to the cost of the semiprivate room and board and to the other items of hospital care such as use of the operating room, the recovery room, the cystoscopic room, laboratory tests, X-ray tests and treatment, drugs, dressings and casts, general nursing

care, anesthesia, oxygen, and so forth.

The committee learned that room and board charges of hospitals generally account for only about half the costs patients incur in the hospital. This emphasizes the importance of benefits which provide adequately for the necessary use of all aspects of hospital service, not simply room and board charges.

If the patient exhausts his benefits under the above provision, he would be entitled to further protection under the supplemental benefits

provisions described later.

If the patient occupies a private room, the additional cost over and above that of a semiprivate room would not necessarily be part of this benefit. The Civil Service Commission would be empowered to include or exclude this cost from coverage under supplementary benefits.

In the case of tuberculosis and nervous and mental conditions, gen-

eral hospital benefits are limited to 30 days.

The committee understands that only a fraction of 1 percent of all admissions to general hospitals stay more than 120 days so that the provision for a 120-day benefit sets a high standard. They further understand that it is frequently medically desirable to provide short-term intensive treatment for mental conditions in the environment of a general hospital. Longer treatment appears to call for a special type of hospital.

Surgical benefits

At least one of the health benefits plans would be expected to provide surgical expenses benefits that would provide payment in full of the surgeon's fees for a large segment of Federal employees enrolled

in that plan.

The standards outlined in the bill for surgical benefits anticipate coverage of charges that are customary for Federal employees in the first nine grades of the classified pay system. Thus the Civil Service Commission would not be expected to contract for surgical benefits of larger amounts than the great majority of employees would ordinarily be charged by their attending surgeon. This standard appeared desirable to the committee to avoid having legislation affecting 4.5 million people operate to artificially inflate the charges for these services.

Normal obstetrical services are not included under surgical benefits but are eligible for special benefits. Abnormal deliveries, on the other hand, including ectopic pregnancies and caesarean sections, are included.

Surgical services provided outside the hospital can be included. They are among the ambulatory patient benefits described later.

The bill contemplates the provision of benefits for in-hospital dental surgery.

In-hospital medical benefits

At least one of the health benefits plans would be expected to provide in-hospital medical benefits. These are payments for physicians' nonsurgical visits to hospitalized patients, such as heart cases, pneumonia cases, and the like. The standard would allow such visits during 120 days of hospitalization. at amounts per visit that would be customary for the vast majority of Federal employees. Such matters as the number of visits per day that would be paid for is left to the Civil Service Commission.

Ambulatory patient benefits

Some health benefits plans are able to provide medical and other benefits to ambulatory patients. To the extent practicable, reasonable, and desirable, the Commission could approve of the provision of these benefits since they may reduce to some degree the use of more costly in-patient accommodations.

Other ambulatory patient benefits that may be included are services in the case of accidental injury, minor surgery in the doctor's office and such diagnostic and treatment services as can be included.

Obstetrical benefits for normal deliveries

The committee heard testimony that the benefits paid for hospitalization of maternity cases and for the services of the physicians performing the deliveries require substantial portions of payments for health service. Other data indicated a rather wide range in the costs of such hospital care and in the fees customarily charged by the attending physician. Average hospital charges per semiprivate patient ranged from \$125.31 in Kansas to \$215.51 in New York City. Under Medicare the average charges per case for hospital care and the physician have amounted to \$334 with the hospital's charges averaging about \$150 and the physician's charges \$184.

The employee family expecting a child is in a different position from a family faced with an emergency operation. There is time for planning for a baby's advent; also it is a benefit that not all employees will need. The bill introduces an element of coinsurance in the benefit for normal deliveries. For employees in the lower grades the level of benefits should cover most, if not all, of the expenses for normal delivery. Protracted and costly complications of pregnancy can be provided for under the supplemental benefits section of the bill.

Supplemental benefits that can be provided by the plans

The preceding five types of benefits are often categorized as "basic benefits." The bill provides for supplemental benefits, which may be applicable in the event of a costly illness ("major medical expense") but could be equally applicable for types of expenses not coming within the purview of "basic benefits" and "major medical expense." These benefits are applicable to the expenses incurred in either hospitalized and nonhospitalized illnesses. Benefits for these additional charges for health services are also paid for types of expenses not ordinarily included as standard benefits such as some private duty nursing services, prescribed drugs, physical restoration services.

In the course of the hearings, the committee became aware of the wide variation in the forms of supplemental benefits available. Some applied the corridor per illness, others per year, and the deductibles varied widely. Maximum amounts payable ranged from \$5,000 to \$20,000. The coinsurance was sometimes 25 percent and sometimes less.

There was recognition that an illness so costly that it exhausted basic benefits and the benefits under the supplementary program would leave the patient little opportunity to pay unknown amounts of coinsurance. The committee concluded that the scope of such benefits

should be suggested but not fixed by statute.

Under this structure, the individual would pay a corridor of \$100 for additional charges for health services. He would also pay 20 percent of the next \$1,400 of such additional charges (\$280) and the insurance would pay 80 percent (\$1,120). Additional charges in excess of \$1,500 would be covered in full by the insurance.

An illustration will indicate how this benefit operates:

A heart case that spent 6 months in the hospital and incurred costs of \$5,500 would have 93 percent of his costs covered, 69 percent by basic benefits and 24 percent by supplemental benefits. The details follow:

ionow.	
Costs: (1) 180 days in semiprivate room at \$16 a day. (2) Oxygen, special drugs, electrocardiograms, laboratory tests, physiotherapy, ambulance.	\$2, 880 1, 895
(3) Special duty nurses for 5 days	225
Total hospital bill (4) Physicians' charges	5, 000 500
Total bill	5, 500
The division of the charges between insurance benefits as patient himself would be:	nd the
Basie insuranee pays for 120 days at \$16 Hospital "extras" during 120 days Physicians' fees, \$4 a visit for 100 visits	1, 500
Basic insurance paysBalance to which supplemental benefits applyPatient pays corridor	3, 820 1, 680 100
Amount subject to supplemental benefitsPatient pays 20 percent of \$1400	1, 580 280
Insurance pays remainder	
Another example is of a 4-year-old child with nephrosis. The bill was \$3,054. It involved 32 days in the hospital and heapenses for physicians and drugs outside the hospital:	e total vy ex-
Basie insuranee paysSupplemental insuranee paysPatient pays	1, 594
Total	3, 054
Hospital room and board (32 days)	570 382
Physicians (home, hospital, and office) Drugs and medicines (out of hospital) Diagnostic studies (out of hospital)	516 1, 444 96
Miseellaneous (out of hospital)	46
Total	3, 05

How the program would operate

Before examining specific parts of the proposed legislation, the overall framework should be understood. The implementation of the act would require several stages. The first stages would probably take nearly 6 months.

(1) The Civil Service Commission would formulate specific and detailed proposals for the health insurance programs it would expect

to offer employees including:

(a) A national Blue Cross-Blue Shield offering.

(b) A national insurance company indemnity benefit offering.
(c) Plans sponsored by national employee organization for their members.

(d) Offerings by group practice prepayment plans in the areas

in which they operate.

(2) A series of meetings between Civil Service Commission officials and carriers interested in participating in the program would follow. In these meetings the costs of different benefits and the savings in premiums that might be achieved from eliminating one or another benefit would be thoroughly explored. The cost of adding or sub-

stituting other benefits would also be investigated.

(3) On the basis of the exchange of information and understandings reached during the meetings, the Civil Service Commission would be prepared to receive firm contract offerings from the various carriers. These offerings would cover premium costs and contain detailed specifications of the benefits. Administrative costs, the carrier's proposed method of operating (such as establishing a clearinghouse enrollment and transfer procedures, etc.) and all other matters that would enter into the final contracts would be submitted for study.

(4) The CSC would determine which offers it wished to select as approved health benefits plans. It would limit the number of plans to two national plans, the group practice plans, and the four or five

employee association plans that could qualify.

(5) The CSC would send copies of the proposed contracts to the

Advisory Council for its information.

(6) The CSC would transmit to the Committees on Post Office and Civil Service of the Senate and the House of Representatives copies of any proposed contracts to be entered into and regulations proposed to be promulgated, for the purpose of placing into operation health benefits plans under this act.

(7) The Civil Service Commission would then enter into contracts

with the selected carriers.

(8) The Civil Service Commission would indicate in regulations the format etc. to be used by each of the selected carriers in setting forth a description of its plan and its costs, exclusions, etc. These descriptions would be circulated to every Federal employee eligible to partici-

pate in the health benefits program.

(9) On the basis of the descriptions of the plans, and where practicable and desirable through meetings of employees, employees would be informed of the options available to them. (The legislation requires that employees shall have the opportunity to make "an informed choice."). Within a reasonable length of time employees would then complete and sign a form indicating the plan of their choice if it is their intention to come under the program. Also, this

form would constitute an authorization for payroll deductions for the

employee's portion of the premium.

(10) The forms would yield the necessary data for determining the distribution of employees among the various health benefits plans and for determining the proportion of employees electing single or family coverage. The cost to Government for the aggregate of the various options can be established at this point.

(11) Payroll deductions would be made for the first pay period

starting on or after July 1, 1960.
(12) Most, if not all, of the selected health plans would have established a central office of their own to handle the program applicable to the employees that had selected their plan. These offices would receive an initial listing of their enrollees classified as to whether single coverage or family coverage was selected. Employees would be issued some evidence of enrollment under the health benefits plan selected. Separated employees and new employees would be subsequently reported to the carriers. The mechanisms for such reporting may vary among carriers.

(13) Each employee under the program would be issued a booklet setting forth the benefits to which he and his family are entitled, explaining the way this plan operated and giving him information about keeping records of his medical expenses, entering hospitals,

filing claims, and the like.

Contributions and costs

In the preparation of this legislation, the committee was faced with three choices in regard to the contributions from employees and

(1) Amounts of employee and Government contributions

could be omitted entirely from the bill.

(2) Maximum contributions by the employee or by the Government could be specified, leaving the other party's contribution

(3) Maximum contributions by Government and by the

employee could both be specified.

Each of these choices had advantages and disadvantages which the committee weighed. The committee selected the third approach, and has specified in the bill the maximum amounts to be contributed

by the Government and by employees.

Having the legislation contain specific maximum figures had the virtue of informing those who are to be aided by the legislation what maximum their share and that of the Government might be. It places a specific monetary ceiling on proposals carriers can make under the program. It establishes the principle of a 50-50 sharing of costs by Government and employees, regardless of the plan selected by the Secondly, by agreeing to match a "rich," a "thin" or an in-between benefit package, the Government is indicating its willingness to foster the broadest forms of health service while giving the employee his free choice among alternative plans.

The committee recognized that the maximum amounts indicated could not remain unchanged over a long period of years, any more than the cost-of-living has remained frozen. Medical care costs will undoubtedly fluctuate at least as widely as other items in living costs. The committee believes that the Congress will continue to be responsive to the needs of employees and will act appropriately to keep the

proposed program in consonance with future developments.

The committee recognizes that older employees and those retiring in the future have somewhat heavier demands for health services than younger employees and have little or no opportunity to provide in advance for the cost of these services. At the same time, it recognizes that, in the initial phases of this program, the proportions of annuitants to active workers will be small and that the average age and utilization of the annuitants initially covered will be lower than that of all persons past age 62 or 65. The committee believes that future annuitants will welcome the opportunity to participate in the program and to share in the cost of their coverage in the same amount as when they were employed, while receiving greater benefits because of their greater use of health services. It has been suggested that this added cost be "prefunded." This is not contemplated by the bill because (1) the costs of services needed by retirees many years in the future is unpredictable within reasonable limits, (2) substantial contributions would be reguired from many active employees who would not benefit from such contributions, (3) a complex fiscal and administrative structure would be established to perform a function that at best can be only partially carried out, and (4) the added costs of a growing number of retirees, while they will become large in the aggregate, will increase only a small varying amount each year. Therefore, the committee chose to deal with the problem of the cost of future retirees on a "pay-asyou-go" basis.

Having chosen to state the maximum amounts of Government and employee contributions in the bill, these amounts were then established at a level which the committee believes are somewhat above the sums called for by the national contracts in the initial phases of the program. Thus ample time would be provided to study the experience with this large and unique group. At the same time, the maximum contributions stipulated appear high enough to allow the most complete (and therefore the most expensive) of the group practice

plans to be a participant.

The maximum contributions to be withheld from employees' salaries and annuitants' annuity checks, and matched by the Government are as follows:

Maximum biweekly contribution

	Employee or annuitant	Government
Individual employee	\$1. 75 4. 25 4. 25 6. 00	\$1. 75 4. 25 4. 25 2. 50

When both husband and wife are employees or annuitants, each may enroll for himself alone at the rates for individual employees.

Aggregate costs

Data on the number of married women working for the Government, or the number of instances where husband and wife are both Govern-

ment employees, do not exist. To arrive at aggregates the cost estimates that follow assume that:

(1) Two million employees will be eligible to participate in the

program.

(2) Ninety percent of them will do so—i.e. 1.8 million employees will elect coverage.

(3) Forty percent will enroll as individuals and 60 percent as

families.

(4) One hundred and fifty thousand women with nondependent

husbands, will enroll their families.

(5) All contracts will be at the maximum bi-weekly contribution shown. (This assumption results in aggregate costs somewhat above those anticipated.)

On an annual basis, the assumed contributions are \$91 for single employees (\$45.50 from the Government) and \$221 for family coverage

(\$110.50 from Government).

720,000 single employees \times \$91	\$65, 520, 000 238, 680, 000
TotalGovernment contribution	

Employee contribution ______ 158, 900, 000

The foregoing estimates are thought to be conservative. For exam-

ple, substantial reductions in cost could result from eventualities such as the following:

(1) Should one or more of the carriers offer a lower-benefit program that cost single employees 20 cents less than the biweekly maximum permitted and cost employees with families 50 cents biweekly less than maximum and were this chosen by 50 percent of the participating employees, the total cost would be reduced by \$18 million annually.

(2) Should 85 percent of eligible employees elect to participate (rather than the assumed 90 percent) because of other protection available through the spouse's place of employment, the total annual cost of the program would be reduced by \$16.9 million.

Experience of similar programs suggests that participation of more

than 90 percent of employees is highly unlikely.

The maximums (\$45.50 annually for single employees, \$110.50 for families, and equal amounts from Government) are consistant with costs of similar programs in private industry and in the State of New York. They are also consistent with data developed by the U.S. Department of Health, Education, and Welfare on per capita private expenditures for health services.

The Federal employees health benefits fund

The bill creates a fund which is a repository for, and keeps separate for the purposes of this bill, the amounts deducted from employees' salaries and the Government's contributions. The moneys in the health benefits fund are to be used for three purposes:

(1) to pay the premiums or subscription charges under policies

or contracts purchased from or entered into with carriers;

(2) to pay necessary expenses incurred by the Commission in carrying out the act; and

(3) to provide an adequate reserve to assure stability of sub-

scription rates over a reasonable period.

The bill does not contemplate the accumulation of large reserves in the health benefits fund. The committee is of the opinion that a reserve of not to exceed approximately 3 percent of any 1 year's contributions or in excess of an accumulative total of approximately 10 percent should be adequate to assure stability of subscription charges over a given period of several years. The large variables most likely to affect costs do not lend themselves to precise long-range actuarial predictions.

Therefore, the accumulation of reserves in the health benefit fund is permitted primarily to assure the stability of subscription charges

over a reasonable period of time.

The bill contemplates that administrative expenses incurred by the Commission should not exceed 1 percent of the amounts paid into the fund. If the program requires contributions totaling \$300 million annually, administrative expenses should be less than \$300,000 per year.

The Advisory Council

A guiding consideration in the preparation of the bill has been that the proposed program is not only for the benefit of employees but is being financed to a large degree by the employees themselves. Secondly, the Government in contributing its share of the eost has a large stake in the sound operation of the program. In addition, the Government has an obligation to foster such programs as will not be deleterious to the public generally. With these considerations in mind, the Advisory Council has been constituted from—

(1) representatives of agencies of the executive branch of the Government concerned with employment and employee relations, with provision of medical eare and its cost and with govern-

mental finances;

(2) three employee representatives; and

(3) public representatives conversant with the provision of hospital and medical care, trends in medical care and public health and the like.

The Commission, of course, could consult with and seek the advice of experts in the field of health benefits without legislative direction or authorization. However, there would be no assurance of this being done. The committee thought that because of the lack of experience by the Civil Service Commission with a program of this kind and due to the absence of facts upon which to base decisions, it would be well to require and give official standing to a strong and competent advisory group. The committee thinks this action will assure adequate consideration to all parties and result in proper administration of the program. The committee does not intend that this advisory group involve itself in the administrative functions of the program.

The committee hopes that the employee organizations will by some appropriate process undertake to select and suggest to the President individuals qualified to bring to the council a full reflection of the views

and interests of Federal employees and their associations.

The committee felt it was inappropriate for the carriers in a contractual relationship with Government under the legislation to be included on an Advisory Council. Full and frequent consultation by

the Civil Service Commission with representatives of the carriers on technical aspects of the administration of the legislation is anticipated

and intended.

Quarterly meetings of the Advisory Council are stipulated in the bill. It is the committee's belief that sessions at least four times a year would facilitate the Advisory Council's understanding of the complex field of health benefits, their impact on the economy and result in a more effective program under the bill.

Studies and reports

The committee feels that section 11 of the bill, in which continuing study of the operation and administration of this act by the Civil Service Commission and the Advisory Council is required, is a most important provision. It requires continuing analyses not only of the fiscal aspects of the program but also of the utilization of the benefits. It calls for study of such matters as possible overutilization and misuse of health services, of the proportions of employees' medical expenses being met by the benefits and for recording whether service benefits guaranteed to employees in the lower grades of the Federal pay scale are in fact being provided. Carriers are required to furnish such reasonable reports from their records as the Commission deems necessary to carry out its studies.

On the basis of the studies contemplated, the Commission will have a factual basis for recommendations it may wish to make for improve-

ment of the program.

The retirement and life insurance programs now constitute a large part of the Commission's operations. With the addition of a health benefits program, the Commission's operating functions could suffer unless it is properly organized to absorb the additional burden.

The life insurance reserve fund is now approaching the \$200 million mark. It is contemplated that the health insurance reserve could go as high as \$30 million. The retirement fund now disburses over \$600

million annually.

It is contemplated that the Bureau will spend much time with carriers in developing the health program. This will require the full-time services of a competent Bureau Director authorized to speak for the Chairman of the Commission.

There is nothing magic in the formula which gives the Executive Director wide latitude of authority over personnel services as well as

the civil service functions of the Commission.

For these reasons, the committee recommends the creation of a Bureau of Retirement and Insurance responsible to the Chairman with a Director at grade GS-18. This provision would add very little cost to the budget of the Commission, would greatly facilitate the operating functions and would permit the Executive Director to concentrate his efforts and time toward maintaining and improving the civil service merit system.

EXPLANATION OF THE BILL BY SECTIONS

Section 1.

Creates a short title: "Federal Employees Health Benefits Act of 1959."

Section 2. Definitions

Defines terms of a technical nature which are used in the bill.

Included are the following:

"Employee" is defined in subscetion (a) to include the same Federal eivilian employees as are covered by the Federal Employees' Group Life Insurance Act. Employees of the Tennessee Valley Authority, who are included in the life insurance program are, however, excluded from coverage under the bill because they already have a satisfactory health benefits program in effect.

"Annuitant" is defined in subsection (b) to include retired employees, members of their families who are survivor annuitants, eertain compensationers and their surviving family members whose status under the Federal Employees' Compensation Act is comparable to those of retired employees and surviving members of their families.

To be within the definition, an annuitant would have to be-

(1) retired on or after July 1, 1960, or

(2) retired other than voluntarily on or after the date of enactment but prior to July 1, 1960,

on an immediate annuity, with at least 12 years of service or for

disability.

"Member of family" is defined in subsection (c) to include an employee's or annuitant's spouse and unmarried children to age 19. Stepehildren and natural ehildren are included if they live with and receive more than one-half support from the employee or annuitant. Disabled dependent ehildren over 19 are also included.

"Carrier" is defined in subscetion (f) to include commercial insurance companies, nonprofit organizations of the Blue Cross/Blue Shield type, group practice prepayment organizations, and organizations which sponsor or underwrite national employee organization

plans.

"Commission" is defined in subsection (g) to mean the Civil Service

Commission.

"National employee organization" is defined in subsection (h) as a bona fide labor organization, national in scope, which represents only employees of one or more departments or agencies of the Government.

Section 3. Election of coverage

(a) Extends the benefits of the enacted bill to any employee who enrolls in an approved plan. Directs the Commission to prescribe regulations governing the time, manner, and conditions of eligibility

for enrollment.

- (b) Extends the benefits of the enacted bill to any annuitant who, at the time he becomes an annuitant, had been enrolled in an approved plan for (1) at least 5 years, or (2) substantially the full time between the date he is first cligible to enroll and the date he retires, whichever is the shorter period. Extends the benefits of the act to (survivor-) annuitants who were enrolled as family members of an employee or annuitant.
- (c) Permits a husband and wife who are both employees each to enroll separately or one to enroll for himself or herself and family. No person may be enrolled both as an employee (or annuitant) and as a family member.

(d) Permits an enrollee to change from single to family coverage and vice versa, if he applies to do so within 60 days of a change in his

family status or at such other times and conditions as the Commission

may by regulation prescribe.

(e) Directs that transfers from one approved plan to another must be made only at such times and under such conditions as the Commission may by regulation prescribe.

Section 4. Health benefits plans

Specifies the health benefits plans which the Commission may approve as being-

(1) One Government-wide service benefit plan of the Blue

Cross/Blue Shield type.

(2) One Government-wide indomnity benefit plan of the type

usually provided by commercial insurers.

- (3) A number of already existing national employee organization plans whose enrollment is limited to present and former members.
- (4) A number of group practice prepayment plans which, among other things, offer benefits in the form of professional medical services.

Section 5. Benefits to be provided under plans

(a) Describes the benefits to be provided, to the extent possible with the funds available, under the four types of plans specified in section 4.

(b) Permits the Commission to authorize, in lieu of the benefits described in (a) above, alternative benefits which it determines to be equally acceptable.

Section 6. Contracting authority

(a) Authorizes the Commission to negotiate contracts with qualified carriers to provide the benefits described in section 4.

Separate contracts will be negotiated for each plan approved under

(b) Requires any contract entered into to specify in detail its bene-

fits, exclusions, and limitations.

(c) Directs the Commission to prescribe regulations fixing minimum requirements which the various plans and carriers will have to meet for approval.

(d) Specifies certain requirements relating to nondiscrimination on account of race, sex, health status, and age which all plans will have

(e) Requires that enrollees be given the option to convert to individual coverage when their group coverage terminates for any reason except cancellation of chrollment.

(f) Requires that converted individual coverage be noncancelable by the carrier except for fraud, overinsurance or failure to pay premi-

(g) Requires subscription charges for the various plans to reasonably and equitably reflect the cost of the benefits provided. It is contemplated that the Commission will actuarially determine whether the benefits offered by any plan are deficient or excessive in relation to the subscription charge for that plan.

Section 7. Contributions

(a) Directs that an enrollce contribute, through withholding from salary or annuity, an amount not to exceed-

(1) \$1.75 biweekly for a single enrollment, and a matching contribution from the Government.

(2) \$4.25 biweekly for a family enrollment, and a matching contribution from the Government.

(3) \$6 biweekly for a family (which includes a nondependent husband) enrollment if the enrollee is female and a not-to-exceed \$2.50 biweekly contribution from the Government.

(b) Permits an employee to continue his group coverage without contribution for as long as 1 year while he is on leave without pay.

(c) Directs that the Government's matching contribution on account of active employees be made from funds used to pay their salaries.

Directs that the Government's matching contribution on account of annuitants be annually appropriated for this purpose. It is contemplated that the Commission would determine the amount required to be appropriated and that the Congress would appropriate the required amount in advance of the year for which it is to be used.

(d) Provides for the conversion of contribution rates for enrollees

paid on other than a biweekly basis.

Section 8. Health benefits fund

Creates a Federal employees' health benefits fund into which all contributions, premium refunds, and any interest earned are to be deposited and out of which all premiums or subscription charges are to be paid. It is contemplated that in addition to the 1 percent maximum mentioned in the next paragraph, an amount not in excess of approximately 3 percent of any 1 year's contributions or in excess of approximately 10 percent as an accumulative total may be retained in the fund at any one time as part of the special reserve for adverse fluctuations in future charges, referred to below.

Directs 1 percent of all deposits to the fund to be set aside for the payment of the Commission's administrative expenses in administering

the enacted bill.

Requires balances allocable to each plan and remaining in the fund to be used, as the Commission may determine, for or as a special reserve for adverse fluctuations in future charges, reducing contribu-

tion rates, or increasing benefits of the plan.

Authorizes the Secretary of the Treasury to invest the fund in interest-bearing obligations of the United States and to sell such obligations. Directs that carned interest and proceeds from sales become part of the fund.

Section 9. Administrative expenses

(a) Authorizes the Commission to draw its administrative expenses for fiscal years 1960 and 1961 from the reserves in the employees' life insurance fund.

Directs reimbursement for the amounts so drawn to be made from the Federal employees health benefits fund to the employees' life

insurance fund.

The Commission will incur administrative expenses in implementing the enacted bill before health benefit contributions become effective. Drawing on the employees' life insurance fund in this manner is not intended as a precedent. It is the simplest expedient for providing funds for the Commission's necessary administrative expenses. Reimbursement to the life insurance fund is required, since the "borrowed" money is not surplus but constitutes reserves already earmarked for the payment of life insurance premiums.

(b) Makes the Federal employees health benefits fund available for payment of the Commission's administrative expenses for fiscal year 1961 and subsequent fiscal years.

Section 10. Regulations

Gives the Commission general authorization to promulgate such regulations as may be necessary to carry out the provisions of the act. Specifically, it directs the Commission to prescribe regulations con-

beginning and ending dates of eoverage;

employees who are reinstated after suspension or removal;

making information about the various plans available to employees and annuitants;

issuance of certificates describing benefits.

Section 11. Studies by Commission

(a) Directs the Commission to make studies, surveys, and reports on the operation and administration of the enacted bill.

(b) Requires the carriers to—

(1) Furnish reports which would enable the Commission to complete the studies, surveys and reports mentioned in (a), above.

(2) Permit the Commission and General Accounting Office to

examine their pertinent records.

(e) Requires employing agencies to keep all necessary records and furnish the Commission with needed information and reports.

Section 12. Advisory Council

(a) Creates an 11-member Federal Employees Health Benefits Advisory Council composed of, ex-officio,

the Secretary of Labor;

the Director of the Bureau of the Budget;

the Surgeon General of the Public Health Service;

the Chief of the Bureau of Medicine and Surgery of the Veterans' Administration,

and, to be appointed by the President, a representative of the public;

three representatives of national employee organizations;

a representative of a university school of medicine;

a representative of a university school of hospital administration;

a representative of a university school of public health.

Permits the ex-officio members to designate alternates to act in their stead and fixes the terms of the appointed members at 3 years. (b) Stipulates the duties of the Council as to—

(1) Make studies on the operation and administration of the

enaeted bill.

(2) Receive reports and information from the Commission, carriers, and employees and their representatives.

(3) Ascertain the status of the health benefits fund.

(4) Consult with and advise the Commission.

(5) Make recommendations.

Requires that before any contract with a carrier can be made, renewed, or terminated, copies of the proposed draft of the contract must be furnished the Council. Drafts of proposed regulations must be similarly furnished before they can be promulgated.

(c) Provides for payment of travel expenses and compensation for

members who are not Federal employees.

(d) Requires the Commission to convene the Council within 30 days after its representative members are appointed and, thereafter, that the Council meet not less often than quarterly.

Section 13. Bureau of Retirement and Insurance

Creates a Bureau of Retirement and Insurance in the Commission to perform such functions and duties as the Commission prescribes with respect to retirement, life insurance, and health insurance. Requires the Bureau to be headed by a Director in grade GS-18 and makes the Director responsible to the Chairman of the Commission.

Section 14. Jurisdiction of the courts

Gives the district courts of the United States and the Court of Claims original, concurrent jurisdiction of suits against the United States under the enacted bill.

Section 15. Reports to Congress

Requires the Commission to submit annual reports to the Congress on the operation of the enacted bill.

Section 16. Effective date

(a) Requires the Commission, by May 1, 1960, to submit to the House and Senate Post Office and Civil Service Committees copies of any proposed contracts with the carriers and regulations proposed to be promulgated. The language of this section is unmistakably clear and does not authorize the committee to disapprove the proposed contracts without further legislative action on the part of the Congress.

(b) Makes benefit and contribution provisions effective July 1, 1960, and by implication, other provisions effective upon enactment.

CONCLUSION

The bill as reported is a compromise by the committee with the wishes of the administration in many respects. Many amendments to the original bill have been adopted by the committee at the suggestion of the Civil Service Commission and the Bureau of the Budget. It would be unfortunate indeed if the few remaining points insisted upon by the administration which the committee did not accept should cause the bill not to be enacted into law.

AGENCY VIEWS

Following are letters from the Bureau of the Budget and the Civil Service Commission on the bill as reported:

EXECUTIVE OFFICE OF THE PRESIDENT,

BUREAU OF THE BUDGET,

Washington, D.C., June 30, 1959.

Hon. Olin D. Johnston, Chairman, Committee on Post Office and Civil Service, U.S. Senate, New Senate Office Building, Washington, D.C.

My Dear Mr. Chairman: Reference is made to Mr. Kerlin's request of June 26, 1959, for the Bureau of the Budget's views on the June 24, 1959, committee print which, if approved, would modify

S. 2162 as introduced June 12, 1959, a bill to provide a health benefits.

program for Government employees.

The major policy provisions of this committee print are generally without objection, except in two important respects; Government cost and organization specification. In the interest of making the prompt report requested, these objections will be discussed briefly.

The total first year cost of the committee print is estimated by your staff to be about \$304 million for active employees and we are informed that about \$5 million will also be required in the first year for annuitants. The annuitant cost would increase yearly for several years thereafter. The proposed Government share of this program is approximately one-half. It is our view that the Government share of the cost of the Federal employees' group life insurance program, which is one-third, is a more appropriate division, and that this Government share should not exceed \$80 million. It seems clear that the Government cost of the committee print far exceeds this amount and that the excess is unjustified.

Two organization specifications contained in the committee print are not only unnecessary for effective administration of the program, but could become obstacles since they violate important fundamental precepts of organization of the Government. These items relate to the proposed Advisory Council and the proposed establishment of a Bureau of Retirement and Insurance within the Civil Service

Commission.

The proposed Advisory Council is objectionable as to both the proposed functions and the proposed membership. The functions include not only advising the Civil Service Commission, but also making studies of operation and administration of the act, ascertaining status of the health fund including balances and reserves, receiving reports from carriers, and recommending amendments of the act. Prior to awarding, amending, or terminating a contract, or issuing a regulation, proposed drafts must be furnished to the council by the These monitoring and investigating functions would divide responsibility for the program and impair accountability of the carriers under contract with the Commission. No advantage to the program as a whole is perceived in departing from the norm of assigning clear-cut executive responsibilities to the administering agency, in this case the Civil Service Commission. However, there would be no objection to an Advisory Council with functions only of advising the Commission, receiving reports and information from the Commission and making recommendations to the Commission. All other functions proposed in the bill should be eliminated.

The proposed membership of the council is inappropriate for an executive branch advisory council. We believe your committee will agree that congressional membership raises unnecessary questions about division of legislative and executive powers. We believe there would be obvious advantage in including ex officio the Secretary of Labor, the Secretary of the Treasury, the Secretary of Health, Education, and Welfare, and the Director of the Bureau of the Budget. We believe there are also obvious advantages in including at least one, perhaps more, representatives of Federal employees who contribute to the program. Such five- or six-member councils would, moreover, combine the general purposes of the Commission's two advisory committees under the Federal employees' group life insurance pro-

gram. It would guarantee knowledge of current technical developments and experience of health benefits and insurance programs in the country in general. It would be of suitable size to consult directly and expeditiously with the administering agency. We recognize, as does your committee, that the provision of a system of financial protection to Federal employees for the cost of health care is a highly complex and technical matter. We recognize, too, that new methods and new protections are constantly developing. The Commission will wish to keep in close direct touch with such developments so that the program once begun is kept abreast of the times, and should be free to seek advice from the best sources. Within the Government a properly organized advisory council should be able to give sound advice in the Federal setting as to proposed practices and objectives to be adopted or recommended by the Commission.

The proposed establishment of a statutory Bureau of Retirement and Insurance within the Civil Service Commission is not only unnecessary to the effective administration of the affected programs but contrary to the eminently sound assignment now given by law to the Chairman of the Commission to determine the internal organization of the Commission's business and to designate officers and employees to perform assigned functions. Continuation of this authority is essential for the effective administration of the Commission's programs. The Chairman's existing authority for internal organization and administration should be left unimpaired and this provision of a

statutory bureau should be omitted from the bill.

In addition to these major issues of cost and organization, several administrative improvements, some technical, are desirable, three of which we would like to bring to your committee's attention. First, the provision added by the committee print in section 8 restricting the investment discretion of the Secretary of the Treasury will divide authority and would be out of keeping with the Secretary's normal functions in such matters. This restriction should not be adopted. Second, the authority given in section 9 to the Commission to borrow administrative expense money from the employees' life insurance fund should be recognized by the Congress as a temporary advance from reserves necessarily maintained for foreseeable future group life insurance program costs, to be reimbursed by the health program as soon as funds are available, preferably within 3 years. The balance in the life insurance fund is a necessary reserve, not a surplus, and its use in getting the health benefits program started is in no sense to be regarded as a precedent. Third, the requirement that the Commission transmit copies of proposed contracts, policies and regula-tions to the Post Office and Civil Service Committees of the Senate and House appears to be intended to assure that the Commission will take timely action and is quite unnecessary. If, as has been suggested, the requirement is intended to provide the committees with some power of prior review or, even prior approval, of Executive action, it is clearly improper. This provision should be eliminated.

Provided S. 2162 is further modified as above noted, favorable consideration of the bill would be recommended by the Bureau of the

Budget as being in accord with the program of the President.

Sincerely yours,

U.S. Civil Service Commission, Washington, D.C., June 30, 1959.

Hon. OLIN D. Johnston. Chairman, Committee on Post Office and Civil Service, U.S. Senate.

Dear Senator Johnston: This is the Commission's report on the committee print of S. 2162, dated June 24, 1959, furnished in response

to a telephone request of June 29, 1959.

This bill is much improved over the original bill introduced on June 12, especially with respect to section 4, which now specifies that there be one governmentwide service benefit plan and one governmentwide indemnity benefit plan. Many of the other features in the original bill which we considered to be unacceptable have been deleted or corrected.

As the history of the past 5 years will show, the Commission is sincerely impressed with the urgency of enacting sound health insurance legislation for Federal employees. We are, for this reason, passing over a number of matters of lesser importance to concentrate, in this report, on the few remaining provisions of the bill which are unaccept-

able to the Commission. These are discussed below.

Thus far, the only overall Government cost figures which have been mentioned are those obtained from multiplying the maximum contribution rates cited in section 7(a) by the anticipated number of employees who will enroll in the program. This cost has been estimated by your committee at \$145.3 million annually and does not include the additional amount required to be appropriated annually to defray part of the cost of annuitants' benefits. The amount required for the latter purpose will, of course, steadily increase as the number of annuitants entitled to health benefits increases. We estimate that \$2.5 million will be required for the first year and that this will rise each year until \$25 million will be needed for the fifth year.

The Government costs produced by these maximum contribution rates and the amounts required to be appropriated annually add up to a figure substantially in excess of that which your committee has

already been advised the administration finds justifiable.

The Advisory Council created by section 12 precludes efficient administration of a health benefits program. As constituted, the council would have some advisory functions but also would participate in the supervision and operation of the program, functions which are incompatible with the responsibility given the Commission as the administering agency and therefore unacceptable. An Advisory Council composed of (for example) five employees covered by the act or their elected representatives and two employees experienced in the administration of health benefits programs or in the provision of health benefits services, whose duties were to advise, receive reports from, and make recommendations to the Commission would not only be considered acceptable but highly desirable.

Section 13 which creates a Bureau of Retirement and Insurance, notwithstanding that it has been amended, serves no useful purpose in our opinion, and we recommend its deletion. We recommend strongly against the inflexibility which would be created by statutory prescription of a part of the Commission's internal organization. Such action would be inconsistent with prior statutory action placing

organizational authority in the Chairman of the Commission. Furthermore, we cannot see that the section is germane to the purpose of the bill or is needed to carry on the programs elsewhere authorized in S. 2162.

I have comments on two other aspects of S. 2162 which I should

like to make here. We construe the bill to permit—

(1) the setting aside of a portion (of up to, for example, 10 percent) of all contributions as a contingency reserve to defray

increases in future subscription charges, and

(2) the making of contracts for each of the two governmentwide plans with separate "prime" carriers—with each of the two prime carriers required to share its rights and obligations with other eligible carriers under an equitable sharing formula approved by the Commission.

If S. 2162 contemplates contingency reserve and contract arrangements substantially different from those stated, the bill would be unacceptable on these grounds also. We regard these two points as of such critical importance as to warrant their stipulation in the bill. If they are not so stipulated, but if the committee nevertheless agrees with our construction of the bill, the record should be made unmistakably clear that the intent of the Congress is as stated in (1) and (2), above.

The Bureau of the Budget advises that there is no objection to the

submission of this report to your committee.

By direction of the Commission:

Sincerely yours,

ROGER W. Jones, Chairman.

INDIVIDUAL VIEWS OF SENATOR FRANK CARLSON AND SENATOR THRUSTON B. MORTON

We share our colleagues' appreciation of the urgent need to enact a health insurance program for Federal employees. We know too that the administration is keenly aware of this need. This awareness is demonstrated by the fact that the President has on several occasions recommended to the Congress that a health insurance program be enacted.

Bills to provide such a program were sponsored by the administration and introduced in the Congress in 1954, 1955, 1956, and 1957. This active support on the part of the administration, particularly by the Civil Service Commission, has been furnished in recognition of the fact that health insurance is the one remaining major gap in fringe benefits for Federal employees; that enactment of a good health insurance program would restore the Federal Government to its rightful place among progressive, enlightened employers; and that a contributory health insurance program would increase efficiency by reducing costly turnover of Federal employees.

Like the administration, we support with enthusiasm enactment of a health insurance program which holds out a promise of giving employees sound protection against the high costs of illness at a price which they can afford and which the Government can afford. The bill, S. 2162, which has evolved from our hearings on S. 94, represents

tremendous progress toward this goal.

One of the noteworthy features of S. 2162 is that it enables employees to choose freely the kind of health insurance—service benefits, indemnity benefits, or group practice benefits—best suited to their needs and circumstances. Our hearings on S. 94 have developed the matter of free choice as one of the most important and difficult issues: S. 2162 has commendably resolved this issue, as well as others.

But S. 2162, with all its good points, still contains five provisions which, in our judgment, warrant further consideration by the Senate of the bill. These have been pointed out to the committee in frequent correspondence and through personal contact by the Burcau of the

Budget and the Civil Service Commission. They are:

(1) The program's cost to the Government is too high

The cost to the Government has been estimated by the committee as \$145,300,000 annually. Since this figure includes only the Government's contribution for active employees, it understates the total cost by failing to include the additional sums which Congress must appropriate every year from now on as the Government's contribution toward the cost of providing benefits for retirces.

The additional sums required to be appropriated for retirees will increase each year as the number of insured retirees increases each year. We understand from the Civil Service Commission that an estimated appropriation of \$2,500,000 will be required for the first year. Assuming a stable contribution rate (which is open to considerable doubt),

we are advised by the Commission that this amount will steadily increase until, for the fifth year, the appropriation required will be \$25 million.

(2) S. 2162 contains no provision which would clearly permit adequate prefunding for the purpose of avoiding frequent increases in subscription rates

Continuously increasing utilization of health facilities plus the steady growth in the cost of these facilities will very soon cause the subscription charges under S. 2162 to rise. This is evidenced by the fact that plans with unlimited liability to pay for health services have had their reserves depleted and have been constantly plagued by price increases during the last few years.

To stave off frequent increases in contribution rates, S. 2162 should explicitly provide for setting aside an adequate reserve. The reserve of 3 percent of 1 year's contributions plus income derived from any dividends, premium rate credits, or other refunds which S. 2162 relies on to provide the necessary reserve is totally inadequate for

the purpose.

A health insurance program cannot subsist on a hand-to-mouth basis.

(3) The Advisory Council created by section 12 is an insurmountable obstacle to efficient administration

Our committee has ample power to investigate and to seek corrective legislation of the functions of the agency if circumstances should in the future arise which make this course of action desirable. The Commission's operating responsibility should be clear and unmistakable. We are not aware of the need in this Federal employee program for participation by the various educational institutions which are named. Plainly they are numbered among the responsible sources from which the Commission would, if necessary, seek information and advice, but to give them three votes in the Advisory Council seems quite inappropriate.

The duties prescribed for the Council would require it to act not as an adviser to the Civil Service Commission but rather as a grievance committee and as a perpetual monitor with independent investigatory powers. These powers, without precedent for a council of this kind, would weaken and impair the Commission's position as administrator of the program by implicitly making it accountable to the Council and interposing the Council between it and the President, the carriers, em-

ploying agencies, and employees.

We think a small group which would serve in a truly advisory capacity is highly desirable. A large group with plenipotentiary powers such as S. 2162 would create can only serve to hamper the program and increase the cost of administration.

(4) The statutory requirement for a Bureau of Retirement and Insurance is a usurpation of the Commission Chairman's power to organize the Civil Service Commission

The underlying purpose of section 13 completely escapes us. We can only conclude that its purpose is to coerce the reorganization of the Commission. Unless and until it is demonstrated that the Commission's present or contemplated organization for administering a health

insurance program is unsatisfactory, we cannot agree to section 13 of S. 2162, and strongly recommend its deletion.

(5) The requirement that the Commission transmit copies of proposed contracts and regulations to the Senate and House Post Office and Civil Service Committees is unnecessary or improper

Again, we fail to perceive the purpose of this provision.

If section 16(a), in requiring the above-mentioned documents to be transmitted by May 1, 1960, is intended to prod the Civil Service Commission into implementing S. 2162 with alacrity, it is completely unnecessary. Based on its past spectacular performance in implementing the Federal Employees' Group Life Insurance Act, it needs no prodding and, in any event, section 16(b) would require that implementation be completed by July 1, 1960, the date recommended by the Administration.

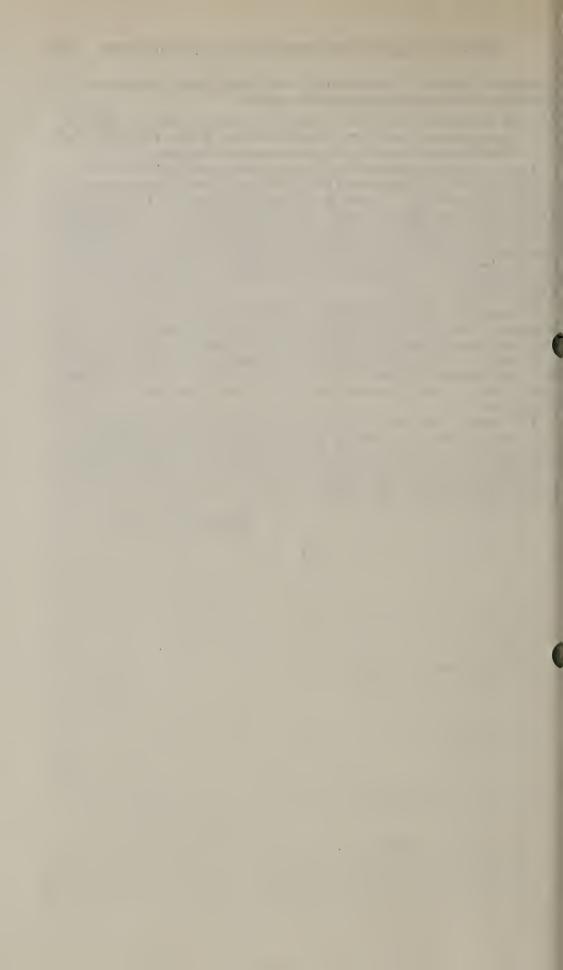
If section 16(a) is intended to permit the committee to review the above-mentioned documents and to approve or disapprove their conlents, it is an infringement of the Executive's powers and is improper.

It would be deplorable if, after 5 years of effort, retention of these few objectionable features of the bill were permitted to thwart enactment of a much-needed health insurance program for Federal employees.

The chairman of our subcommittee has publicly stated that S. 2162 represents a start on a good program, that it should be enacted, and that improvements can be made later through amendatory legislation.

We share the views of the chairman of the subcommittee and are hopeful that some of the suggestions we are offering will be adopted before final enactment of S. 2162.

Frank Carlson.
Thruston B. Morton.



86TH CONGRESS 1ST SESSION

S. 2162

[Report No. 468]

IN THE SENATE OF THE UNITED STATES

JUNE 12, 1959

Mr. Johnston of South Carolina (for himself and Mr. Neuberger) introduced the following bill; which was read twice and referred to the Committee on Post Office and Civil Service

July 2, 1959

Reported by Mr. Johnston of South Carolina, with an amendment .

[Strike out all after the enacting clause and insert the part printed in italic]

A BILL

To provide a health benefits program for Government employees.

- 1 Be it enacted by the Senate and House of Representa-
- 2 tives of the United States of America in Congress assembled,
- 3 That this Act may be cited as the "Federal Employees
- 4 Health Benefits Act of 1959".
- 5 DEFINITIONS
- 6 SEC. 2. As used in this Act
- 7 (a) The term "employee" means an appointive or elec-
- 8 tive officer or employee in or under the executive, judicial,
- 9 or legislative branch of the United States Government, in-
- 10 cluding a Government owned or controlled corporation (but
- 11 not including any corporation under the supervision of the

Farm Credit Administration, of which corporation any member of the board of directors is elected or appointed by private 2 interests), and of the municipal government of the District 3 of Columbia, and includes an Official Reporter of Debates of 4 the Senate and a person employed by the Official Reporters 5 of Debates of the Senate in connection with the performance 6 of their official duties, and an employee of Gallaudet College, 7 but does not include (1) a member of a "uniformed service" 8 as such term is defined in section 1072 of title 10 of the 9 United States Code, or (2) a noncitizen employee whose 10 permanent-duty station is located outside a State of the 11 12 United States or the District of Columbia. (b) The term "annuitant" means (1) an employee who 13 on or after the effective date of the provisions referred to in 14 section 16 (b) retires on an immediate annuity, under the 15 16 Civil Service Retirement Act or other retirement system for 17 civilian employees of the Government, after twelve or more years of service or for disability, (2) a member of a family 18 19 who receives an immediate annuity as the survivor of a retired employee described in clause (1), or of an employee 20 21 who dies on or after such effective date after completing five or more years of service, (3) an employee who receives 22 23 monthly compensation under the Federal Employees Com-24pensation Act as a result of injury sustained or illness con-25 tracted on or after such effective date and who is determined

- by the Secretary of Labor to be unable to return to duty, and (4) a member of a family who receives monthly com-23 pensation under the Federal Employees Compensation Act as the surviving beneficiary of (i) an employee who dies 4 after completing five or more years of service as a result of 5 injury sustained or illness contracted on or after such effective 6 date or (ii) a former employee who is separated after com-7 pleting five or more years of service and who dies while 8 9 receiving monthly compensation under such Act on account 10 of injury sustained or illness contracted on or after such effective date. For the purpose of this subsection, "service" 11 means service which is creditable for the purposes of the 12 13 Civil Service Retirement Act.
- 14 (e) The term "member of family" means an employee's 15 or annuitant's spouse, unmarried child under the age of nineteen years (including (1) an adopted child, and (2) a step-16 child or recognized natural child who lives with and receives 17 18 more than one-half his support from the employee or annuitant in a regular parent-child relationship); or unmarried 19 child regardless of age who is incapable of self-support be-20 cause of a mental or physical incapacity that existed prior to 21his reaching the age of nineteen years and who is in fact de-22pendent on the employee or annuitant for over one half his 23 24 support.
 - (d) The term "dependent husband" means a husband

- 1 who is incapable of self support by reason of mental or physi-
- 2 eal disability, and who receives more than one half his sup-
- 3 port from the employee or annuitant.
- 4 (e) The term "health benefits plan" means an insurance
- 5 policy or contract, medical or hospital service agreement,
- 6 membership or subscription contract or similar arrangement
- 7 provided by a carrier for the purpose of providing, paying
- 8 for or reimbursing expenses for health services.
- 9 (f) The term "carrier" means a voluntary association,
- 10 corporation, or partnership, or other organization (other
- 11 than an agency or instrumentality of the Federal Govern-
- 12 ment or of any State or political subdivision thereof) which
- 13 is lawfully engaged in providing, or paying for or reim-
- 14 bursing the cost of, health services under insurance policies
- or contracts, medical or hospital service agreements, mem-
- 16 bership or subscription contracts, or similar arrangements, in
- 17 consideration of premiums or other periodic charges payable
- 18 to the carrier, including a health benefits plan duly sponsored
- 19 or underwritten by a national employee organization.
- 20 (g) The term "Commission" means the Civil Service
- 21 Commission.
- 22 (h) The term "national employee organization" means
- 23 a bona fide labor organization, national in scope, which
- ²⁴ represents only employees of one or more departments or
- 25 agencies of the Government.

1 ELECTION OF COVERAGE

2 SEC. 3. (a) This Act shall apply to any employee who, 3 at such time, in such manner, and under such conditions of eligibility as the Commission may by regulation prescribe, 4 elects to enroll in a health benefits plan described in section 4 5 either for himself alone or for himself and members of his 6 family. Such regulations may provide for the exclusion of 7 8 employees on the basis of the nature and type of employ-9 ment or conditions pertaining thereto such as short-term appointments, seasonal or intermittent employment, and em-10 11 ployment of like nature, but no employee or group of employees shall be excluded solely on the basis of the hazardous 12 nature of employment. 13 14 (b) This Act shall apply to any annuitant who at the 15 time he becomes an annuitant, shall have been enrolled in 16 a health benefits plan under this Act (1) for a period not less than (i) five years, or (ii) the period beginning on the 17 last day of the first period, as prescribed by regulations of 18 19 the Commission, in which he is eligible to enroll in such a 20 plan and ending on the date on which he becomes an annui-21 tant, whichever is shorter, or (2) as a member of the family 22 of an employee or annuitant. (e) If an employee has a spouse who is an employee, 23

either (but not both) may enroll for himself and members

of his family, or either spouse may enroll for himself alone,

24

- 1 but no person may be enrolled both as an employee (or an-
- 2 nuitant) and as a member of the family.
- 3 (d) A change in the coverage of any employee or annui-
- 4 tant, or of any employee or annuitant and members of his
- 5 family, enrolled in a health benefits plan under this Act
- 6 may be made by the employee or annuitant only upon appli-
- 7 cation filed within sixty days after the occurrence of a change
- 8 in family status or at such other times and under such con-
- 9 ditions as may be prescribed by regulations of the Com-
- 10 mission.
- 11 (e) A transfer of enrollment from one health benefits
- 12 plan described in section 4 to another such plan shall be
- 13 made by an employee or annuitant only at such time or
- 14 times and under such conditions as may be prescribed by
- 15 regulations of the Commission.
- 16 HEALTH BENEFITS PLANS
- 17 SEC. 4. The Commission may approve the following
- 18 types of health benefits plans:
- 19 (1) SERVICE BENEFIT PLAN. A service benefit plan
- 20 is one under which in whole or substantial part the physi-
- 21 cians, hospitals, or other providers of covered health serv-
- 22 ices agree, under certain conditions, to accept the payment
- 23 provided by the plan as full payment for covered services
- 24 rendered by them.
- 25 (2) INDEMNITY BENEFIT PLAN. An indemnity bene-

- 1 fit plan is one under which the earrier agrees to pay to the
- 2 employee or annuitant, or member of his family, who incurs
- 3 expenses for health services covered under the conditions of
- 4 the policy, certain stipulated sums of money not in excess
- 5 of the actual expenses incurred.
- 6 (3) EMPLOYEE ORGANIZATION PLAN. An employee
- 7 organization plan is one which is sponsored, contracted for,
- 8 and administered in whole or substantial part, by a national
- 9 employee organization, which is available only to persons
- 10 who are or have been members of the sponsoring organiza-
- 11 tion, and which provided benefits for health services to mem-
- 12 bers of the sponsoring organization on January 1, 1959.
- 13 (4) Group Practice Prepayment Plan. A group-
- 14 practice prepayment plan is one which offers health services
- 15 in whole or in substantial part on a prepaid basis, with pro-
- 16 fessional services thereunder provided by physicians prac-
- 17 ticing as a group in a common center or centers. Such a
- 18 group shall include physicians qualified in at least three
- 19 major medical specialties and receive all or a substantial
- 20 part of its income from the prepaid funds.
- 21 BENEFITS TO BE PROVIDED UNDER PLANS
- 22 SEC. 5. (a) To the extent possible with the funds avail-
- 23 able under this Act, the benefits to be provided under
- 24 plans described in section 4 shall be the following:
- 25 (1) HOSPITAL BENEFITS. Benefits which the Com-

- 1 mission finds to be equivalent to the full cost of hospital
- 2 care in semiprivate accommodations in a general or acute
- 3 special hospital for one hundred and twenty days in any
- 4 period of continuous care or for one hundred and twenty
- 5 days in the aggregate in any periods of such hospitalization
- 6 separated by ninety days or less except that such continuous
- 7 or aggregate periods in the ease of tuberculosis and nervous
- 8 and mental conditions shall be thirty days.
- 9 (2) SURGICAL BENEFITS. Benefits which the Com-
- 10 mission finds to be equivalent to the reasonable, necessary,
- 11 and eustomary charges for surgical services, and for care
- 12 of abnormal deliveries, made to persons with incomes less
- 13 than those of the one-quarter of Federal employees earning
- 14 the highest incomes.
- 15 (3) In-Hospital Medical Benefits Which
- 16 the Commission finds to be equivalent to the reasonable,
- 17 necessary, and customary charges for medical services ren-
- 18 dered during periods of hospitalization for which benefits
- 19 are provided under paragraph (1) to persons with incomes
- 20 less than those of the one quarter of Federal employees
- ²¹ earning the highest incomes.
- 22 (4) Ambulatory patient benefits for
- ²³ services to hospital outpatients and other ambulatory pa-
- 24 tients which the Commission finds to be practicable, reason-
- 25 able, and desirable with respect to diagnostic and treatment

- 1 services, surgical services, and services in cases of accidental
- 2 injury.
- 3 (5) Supplemental benefits. Benefits equal to (a)
- 4 80 per centum of so much of the additional charges for health
- 5 services for each individual for each illness as exceeds \$100
- 6 but does not exceed \$1,500, plus (b) the amount of any such
- 7 additional charges in excess of \$1,500 under such conditions
- 8 and such maximums as may be determined appropriate by
- 9 the Commission. For the purpose of this paragraph, "ad-
- 10 ditional charges for health services" means the amount by
- 11 which the charges for health services for which supplemental
- 12 benefits are provided exceed any eash or service benefits pro-
- 13 vided under paragraphs (1), (2), (3), and (4). The sup-
- 14 plemental benefits provided for under this paragraph shall
- 15 not duplicate or replace the benefits provided for under para-
- 16 graphs (1), (2), (3), and (4).
- 17 (6) Obstetrical benefits for normal deliver-
- 18 IES. Benefits which shall not exceed \$100 for hospital serv-
- 19 ices and \$100 for professional services for normal delivery,
- 20 prenatal, and post partum care, and which shall be in lieu
- 21 of all benefits for such services under paragraphs (1), (2),
- 22 + (3), (4), and (5).
- 23 (b) The description contained in subsection (a) of the
- 24 scope and value of the benefits to be provided under health

1 benefits plans shall not be construed to preclude the provision

2 of alternative benefits under such plans. The Commission

3 may authorize, in lieu of the benefits described in subsection

4 (a); alternative benefits which it determines to be equally

5 acceptable under this Act and which may include deductible

and coinsurance provisions applicable to some or all of the

7 alternative benefits.

8

CONTRACTING AUTHORITY

9 SEC. 6. (a) The Commission is authorized, without regard to section 3709 of the Revised Statutes or any other 10 provision of law requiring competitive bidding, to enter into, 11 or authorize enrollment under, a contract or contracts with, 12 or to purchase a policy or policies from, qualified carriers 13 offering plans described in section 4 and providing at least 14 15 the benefits described in section 5. Each such contract or policy shall be for a uniform term of at least one year, but 16 17 may be made automatically renewable from year to year in the absence of notice of termination by either party. 18

(b) Any contract or policy under this Act shall contain
20 a detailed statement of benefits offered and shall include
21 such maximums, exclusions, and other definitions of benefits
22 as the Commission may deem necessary and desirable.

23 (c) The Commission shall prescribe regulations fixing
24 reasonable minimum standards for health benefit plans de-

- 1 seribed in section -4 and for earriers offering such plans. The
- 2 Commission shall not approve any plan or enter into a con-
- 3 tract with or purchase a policy from any carrier unless such
- 4 plan or such earrier, as the case may be, complies with such
- 5 standards. Approval of such a plan shall not be withdrawn
- 6 except after notice and opportunity for hearing to the earrier
- 7 or earriers and to the employees concerned.
- 8 (d) No contract shall be made, policy purchased, or
- 9 plan approved, which excludes employees or annuitants
- 10 because of race, sex, health status, or, at the time of the
- 11 first opportunity to enroll, because of age.
- 12 (e) No health benefits plan shall be approved which
- 13 does not offer to employees and annuitants, whose employ-
- 14 ment or annuity status under the purview of this Act is
- 15 terminated, the option to convert, without evidence of good
- 16 health, to individual contracts providing health benefits. A
- 17 terminated employee or annuitant who exercises this option
- 18 shall pay the full cost of the individual contract, on such
- 19 terms or conditions as are prescribed by the carrier and
- 20 approved by the Commission.
- 22 to the provisions of paragraph (e) shall be noncancelable
- 23 by the carrier as to any individual, except for fraud, over
- 24 insurance, or nonpayment of premiums.

- 1 (g) Subscription charges and premiums under health
- 2 benefits plans described in section 4 shall reasonably and
- 3 equitably reflect the cost of the benefits provided.

4 CONTRIBUTIONS

- 5 SEC. 7. (a) (1) If an employee or annuitant enrolls
- 6 in a health benefits plan under this Act for himself only
- 7 there shall be withheld from the salary of such employee,
- 8 or annuity of such annuitant, as his contribution an amount
- 9 not to exceed \$1.75 biweekly, and the Government shall
- 10 contribute a like amount.
- 11 (2) Except as provided in paragraph (3), if and em-
- 12 ployee or annuitant enrolls in a health benefits plan under
- 13 this Act for himself and members of his family there shall
- 14 be withheld from the salary of such employee, or the annuity
- 15 of such annuitant, as his contribution an amount not to ex-
- 16 ceed \$4.25 biweekly, and the Government shall contribute
- 17 a like amount.
- 18 (3) If a member of the family of a female employee or
- 19 an annuitant who enrolls in a health benefits plan under this
- 20 Act for herself and members of her family is a husband,
- 21 other than a dependent husband, there shall be withheld
- 22 from the salary of such employee or annuitant as her con-
- 23 tribution an amount not to exceed \$6 biweekly, and the
- 24 Government shall contribute an amount not to exceed \$2.50
- 25 biweekly.

(b) An employee enrolled in a health benefits plan under this Act who is placed in a leave without pay status may be authorized to continue his coverage, and the cover-age of members of his family, under such plan for a period not to exceed one year in accordance with regulations pres-seribed by the Commission. Such regulations may provide for waiving the requirement of contributions by the employee and the Government for all or any part of the period of leave without pay.

(e) The sums authorized to be contributed by the Government with respect to any employee shall be paid from the respective appropriation or fund which is used for payment of his salary, wage, or other compensation (or, (1) in the case of an elected official, from such appropriation or fund as may be available for payment of other salaries of the same office or establishment, and (2) in the case of an employee in a leave without pay status, from the appropriation or fund which would be used for the payment of the salary of such employee if he were in a pay status). The sums authorized to be contributed by the Government with respect to any annuitant shall be paid from annual appropriations which are hereby authorized to be made for such purpose.

24 (d) The Commission shall provide by regulation for 25 conversion of rates of contribution specified in this section in

- 1 the case of employees paid on other than a biweekly basis,
- 2 and for such purpose may provide for adjustment of any
 - 3 such rate to the nearest cent.
- 4 FEDERAL EMPLOYEES' HEALTH BENEFITS FUND
- SEC. S. There is hereby created a Federal Employees' Health Benefits Fund, hereinafter referred to as the "Fund", which is hereby made available without fiscal year limi-8 tation for the payment of all premiums or subscription 9 charges under pelicies or contracts purchased or entered into 10 under section 6. The amounts withheld from the salaries 11 of employees and the annuities of annuitants, and the amounts 12 contributed by the Government toward the cost of health benefits for such employees and annuitants, shall be paid 13 14 into the Fund. The income derived from any dividends, 15 premium rate credits or other refunds shall be credited to 16 and constitute a part of the Fund. There shall be set aside 17 in the Fund from time to time such amounts, not to exceed 18 1 per centum of the amounts paid into the Fund for any 19 fiscal year, as may be necessary to pay administrative ex-20 penses for such year for which appropriations are made 21 under section 9. Any amounts remaining in such Fund 22 after all premium or subscription charges have been paid, 23 and after the amounts referred to in the preceding sentence 24 have been set aside, shall be retained as a special reserve for 25 adverse fluctuations in future charges, or may be applied to

to, or to increase the benefits provided by, the plan from which such amounts are derived, as the Commission shall from time to time determine. The Secretary of the Treasury is authorized to invest and reinvest any of the moneys in the fund in interest bearing obligations of the United States and to sell such obligations of the United States for the purposes of the Fund. The interest on and the proceeds from the sale of any such obligations shall become a part of the Fund.

ADMINISTRATIVE EXPENSES

SEC. 9. There are hereby authorized to be appropriated 12 for fiscal year 1960 such sums as may be necessary to pay 13 administrative expenses incurred by the Commission in car-14 rying out the provisions of this Act. The Federal em-15 ployees' health benefits fund is hereby made available, 16 within such limitations as may be specified annually by the 17 Congress, to pay such expenses for fiscal year 1961 and sub-18 sequent fiscal years. 19 9.0

20 REGULATIONS

11

SEC. 10. (a) The Commission is authorized to promul22 gate such regulations as may be necessary to carry out the
23 provisions of this Act.

24 (b) Regulations of the Commission shall include regu-25 lations with respect to the beginning and ending dates of

- 1 eoverage of employees and annuitants and members of their
- 2 families under health benefit plans, and for such purpose may
- 3 permit such coverage to continue until the end of the pay
- 4 period in which an employee is separated from service or
- 5 until the end of the month in which an annuitant ceases to be
- 6 entitled to annuity, and in case of the death of such employee
- 7 or annuitant may permit the coverage of the members of his
- 8 family for a period not to exceed ninety days.
 - 9 (e) Regulations of the Commission shall provide that
- 10 any employee enrolled in a plan under this Act who is re-
- 11 moved or suspended without pay and later reinstated or
- 12 restored to duty on the ground that such removal or suspen-
- 13 sion was unjustified or unwarranted shall not be deprived of
- 14 coverage or benefits for the interim but shall have his cover-
- 15 age restored to the same extent and effect as though such
- 16 removal or suspension had not taken place, and appropriate
- 17 adjustments shall be made in accordance with such regula-
- 18 tions in premiums, subscription charges, contributions, and
- 19 claims.
- 20 (d) Regulations of the Commission shall provide for
- 21 making available to each employee and annuitant eligible to
- 22 enroll in a health benefits plan under this Act such informa-
- 23 tion as may be necessary to enable such employee or annui-
- 24 tant to exercise an informed choice among the types of
- 25 plans referred to in section 4. Such regulations shall also

provide for the issuance to each employee and annuitant enrolled in such a health benefits plan of an appropriate certificate setting forth the services or benefits to which the employee or annuitant, or the employee or annuitant and members of his family, are entitled thereunder, the person or persons to whom monetary benefits shall be payable, the procedure for submitting claims, and the principal provisions, or summaries thereof, of the plan affecting the employee or annuitant or members of his family.

STUDIES BY COMMISSION

SEC. 11. (a) The Commission shall make a continuing study of the operation and administration of this Act, in-12 eluding surveys and reports on health benefits plans avail-13 able to employees and annuitants and on the experience of 14 such plans, with respect to such matters as gross and net 15 costs, administrative costs, benefits claimed and provided, 16 utilization of benefits, the extent to which the economic use of benefits herein provided is assured, and the portion 18 of the actual personal expenditures of Federal employees 19 and annuitants for health care which is being met by 20 prepaid benefits. 21

(b) The Commission shall include provisions in con-23 tracts with carriers which would require carriers to (1) 24 furnish such reasonable reports as the Commission deter-

1	mines to be necessary for the satisfactory completion of the
2	studies enumerated in subsection (a) with respect to gross
. 3	and net costs, administrative costs, benefits claimed and
.4	provided, utilization of benefits, and (2) permit the Com-
. 5	mission or its representatives and representatives of the
-6.	General Accounting Office to examine such records of the
7	carriers as may be necessary for verification of the informa-
8	tion contained in the carrier's reports.
9	(c) Employing agencies shall keep such records and
10	furnish the Commission with such information and reports
11	as may be necessary to enable it to carry out its functions
12	under this Act.
12 13	under this Act.
13 14	ADVISORY COUNCIL
13 14	SEC. 12. (a) There is hereby established a Federal
13 14 15 -	SEC. 12. (a) There is hereby established a Federal Employees Health Benefits Advisory Council which shall
13 14 15 -	ADVISORY COUNCIL SEC. 12: (a) There is hereby established a Federal Employees Health Benefits Advisory Council which shall consist of the following:
13 14 15 - 16 17	SEC. 12: (a) There is hereby established a Federal Employees Health Benefits Advisory Council which shall consist of the following: (1) the Chairman of the Committee on Post Office and Civil Service of the Senate;
13 14 15 - 16 17 18	SEC. 12: (a) There is hereby established a Federal Employees Health Benefits Advisory Council which shall consist of the following: (1) the Chairman of the Committee on Post Office and Civil Service of the Senate;
13 14 15 16 17 18	SEC. 12. (a) There is hereby established a Federal Employees Health Benefits Advisory Council which shall consist of the following: (1) the Chairman of the Committee on Post Office and Civil Service of the Senate; (2) the Chairman of the Committee on Post Office
13 14 15 16 17 18 19 20	SEC. 12. (a) There is hereby established a Federal Employees Health Benefits Advisory Council which shall consist of the following: (1) the Chairman of the Committee on Post Office and Civil Service of the Senate; (2) the Chairman of the Committee on Post Office and Civil Service of the House of Representatives;
13 14 15 16 17 18 19 20 21	SEC. 12. (a) There is hereby established a Federal Employees Health Benefits Advisory Council which shall consist of the following: (1) the Chairman of the Committee on Post Office and Civil Service of the Senate; (2) the Chairman of the Committee on Post Office and Civil Service of the House of Representatives; (3) the Secretary of Labor;

1	(6) the Chief of the Bureau of Medicine and Sur-
2	gery of the Veterans' Administration;
3	(7) one member to be appointed by the President
4	who shall be representative of the public;
5	(8) One member to be appointed by the President
6	from among representatives of national employee or-
7	ganizations;
8	(9) three members to be appointed by the Presi-
9	dent who shall be representative of university schools
10	of medicine, hospital administration, and public health,
11	respectively.
12	The Advisory Council shall select a Chairman and a Vice
13	Chairman from among its membersEach member of the
14	Advisory Council referred to in clauses (1) to (6); inclu-
15	sive, may designate an alternate to attend meetings and par-
16	ticipate in activities of the Advisory Council in the place of
17	such member. Members of the Advisory Council referred to
18	in clauses (7) to (9), inclusive, shall be appointed for terms
19	of three years.
20	(b) It shall be the duty of the Advisory Council (1)
21	to make studies from time to time of the operation and ad-
22	ministration of this Act, (2) to receive reports and informa-
23	tion with respect thereto from the Commission, earriers, and
94	ampleyees and their representatives 12) to exertain from

- 1 time to time the status of the Federal Employees' Health
- 2 Benefits Fund, including the establishment and maintenance
- 3 of any balances or reserves, (4) to consult with and advise
- 4 the Commission in regard to the Administration of this Act,
- 5 and (5) to make recommendations with respect to the
- 6 amendment of this Act or improvements in its administration.
- 7 No contract shall be awarded, renewed, or terminated and
- 8 no regulation shall be promulgated, for the purpose of carry-
- 9 ing out this Act, unless copies thereof shall have been fur-
- 10 nished to the Advisory Council.
- (e) Members of the Council referred to in clauses (7)
- 12 to (9), inclusive, who are not otherwise in the employ of
- 13 the United States shall be entitled while attending meetings
- 14 of the Advisory Council, including travel time, to receive
- 15 compensation at a rate to be fixed by the Commission, but
- 16 not exceeding \$50 per diem, and while away from their
- 17 homes or regular places of business they may be allowed
- 18 travel expenses, including per diem in lieu of subsistence,
- 19 as authorized by law (5 U.S.C. 73b 2) for persons in the
- 20 Government service employed intermittently.
- 21 (d) The Advisory Council shall be convened by the
- 22 Commission within thirty days after the members referred
- 23 to in clauses (7) to (9) have been appointed, and there-
- 24 after shall meet not less often than quarterly, on eall of

1	the commission or on request of any three members of the
2	Advisory Council.
3	BUREAU OF RETIREMENT AND INSURANCE
4	SEC. 13. There is hereby established in the Civil Service
5	Commission a Bureau of Retirement and Insurance, which
6	shall perform such of the functions and duties of the Com-
7	mission with respect to retirement, life insurance, and health
8	benefits programs as the Commission shall prescribe. The
9	Bureau shall be headed by a Director who shall be responsible
10 _	only to the Commissioners. The position of Director shall
11	be placed in grade 18 of the General Schedule of the
12	Classification Act of 1949, as amended.
	·
13	JURISDICTION OF COURTS
1 3	
13 14	JURISDICTION OF COURTS
13 14	SEC. 14. The district courts of the United States shall
13 14 15 16	SEC. 14. The district courts of the United States shall have original jurisdiction, concurrent with the Court of
13 14 15 16 17	SEC. 14. The district courts of the United States shall have original jurisdiction, concurrent with the Court of Claims, of any civil action or claim against the United States
13 14 15	SEC. 14. The district courts of the United States shall have original jurisdiction, concurrent with the Court of Claims, of any civil action or claim against the United States founded upon this Act.
13 14 15 16 17	SEC. 14. The district courts of the United States shall have original jurisdiction, concurrent with the Court of Claims, of any civil action or claim against the United States founded upon this Act. REPORTS TO CONGRESS
13 14 15 16 17 18	SEC. 14. The district courts of the United States shall have original jurisdiction, concurrent with the Court of Claims, of any civil action or claim against the United States founded upon this Act. REPORTS TO CONGRESS SEC. 15. The Commission shall transmit to the Congress
13 14 15 16 17 18 19 20	SEC. 14. The district courts of the United States shall have original jurisdiction, concurrent with the Court of Claims, of any civil action or claim against the United States founded upon this Act. REPORTS TO CONGRESS SEC. 15. The Commission shall transmit to the Congress annually a report concerning the operation of this Act.
13 14 15 16 17 18 19 20 21	SEC. 14. The district courts of the United States shall have original jurisdiction, concurrent with the Court of Claims, of any civil action or claim against the United States founded upon this Act. REPORTS TO CONGRESS SEC. 15. The Commission shall transmit to the Congress annually a report concerning the operation of this Act. EFFECTIVE DATE

- 1 House of Representatives not later than February 1, 1960,
- 2 copies of any contracts proposed to be entered into, policies
- 3 proposed to be purchased, and regulations proposed to be
- 4 promulgated, for the purpose of placing into operation health
- 5 benefit plans under this Act.
- 6 (b) The provisions of this Act relating to the enroll-
- 7 ment of employees and annuitants in health benefits plans
- 8 and the withholding and payment of contributions shall
- 9 take effect on the first day of the first pay period which
- 10 begins on or after July 1, 1960.
- 11 That this Act may be cited as the "Federal Employees
- 12 Health Benefits Act of 1959".
- 13 DEFINITIONS
- 14 SEC. 2. As used in this Act—
- 15 (a) The term "employee" means an appointive or elec-
- 16 tive officer or employee in or under the executive, judicial.
- 17 or legislative branch of the United States Government, in-
- 18 cluding a Government-owned or controlled corporation (but
- 19 not including any corporation under the supervision of the
- 20 Farm Credit Administration, of which corporation any mem-
- 21 ber of the board of directors is elected or appointed by private
- 22 interests), or of the municipal government of the District
- 23 of Columbia, and includes an Official Reporter of Debates of
- 24 the Senate and a person employed by the Official Reporters
- 25 of Debates of the Senate in connection with the performance

- of their official duties, and an employee of Gallaudet College, 1
- but does not include (1) a member of a "uniformed service" 2
- as such term is defined in section 1072 of title 10 of the 3
- United States Code, (2) a noncitizen employee whose per-4
- manent-duty station is located outside a State of the United 5
- States or the District of Columbia, or (3) an employee of 6
- the Tennessee Valley Authority. 7

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(b) The term "annuitant" means (1) an employee who 8 on or after the effective date of the provisions referred to in section 16(b) retires on an immediate annuity, under the 10 Civil Service Retirement Act or other retirement system for 11 civilian employees of the Government, after twelve or more 12 years of service or for disability, (2) an employee who on or 13 after the date of enactment of this Act and prior to such 14 effective date retires on such annuity (i) after twelve or more 15 years of service upon involuntary separation not by removal 16 for cause on charges of misconduct or delinquency or (ii) for 17 disability, (3) a member of a family who receives an im-18 19 mediate annuity as the survivor of a retired employee described in clause (1) or clause (2), or of an employee who 20 dies on or after such date of enactment after completing five 21 or more years of service, (4) an employee who receives 22 monthly compensation under the Federal Employees Compen-23 sation Act as a result of injury sustained or illness contracted 24 on or after such date of enactment and who is determined by

- the Secretary of Labor to be unable to return to duty, and (5) a member of a family who receives monthly compensation 2 3 under the Federal Employees Compensation Act as the surviving beneficiary of (i) an employee who dies after completing five or more years of service as a result of injury sus-5 tained or illness contracted on or after such date of enactment or (ii) a former employee who is separated after com-7 pleting five or more years of service and who dies while receiving monthly compensation under such Act on account 9 of injury sustained or illness contracted on or after such date 10 of enactment. For the purpose of this subsection, "service" 11 means service which is creditable for the purposes of the 12 13 Civil Service Retirement Act. 14 (c) The term "member of family" means an employee's 15 or annuitant's spouse, unmarried child under the age of nine-16 teen years (including (1) an adopted child, and (2) a stepchild or recognized natural child who lives with and receives 17 more than one-half his support from the employee or annui-18 19 tant in a regular parent-child relationship), or unmarried child regardless of age who is incapable of self-support be-20
- 22 his reaching the age of nineteen years and who is in fact de-

cause of a mental or physical incapacity that existed prior to

- 23 pendent on the employee or annuitant for over one-half his
- 24 support.

^{25 (}d) The term "dependent husband" means a husband

- 1 who is incapable of self-support by reason of mental or physi-
- 2 cal disability, and who receives more than one-half his sup-
- 3 port from the employee or annuitant.
- 4 (e) The term "health benefits plan" means an insurance
- 5 policy or contract, medical or hospital service agreement,
- 6 membership or subscription contract or similar arrangement
- 7 provided by a carrier for the purpose of providing, paying
- 8 for or reimbursing expenses for health services.
- 9 (f) The term "carrier" means a voluntary association,
- 10 corporation, or partnership, or other organization (other
- 11 than an agency or instrumentality of the Federal Govern-
- 12 ment or of any State or political subdivision thereof) which
- 13 is lawfully engaged in providing, or paying for or reim-
- 14 bursing the cost of, health services under insurance policies
- 15 or contracts, medical or hospital service agreements, mem-
- 16 bership or subscription contracts, or similar arrangements, in
- 17 consideration of premiums or other periodic charges payable
- 18 to the carrier, including a health benefits plan duly sponsored
- 19 or underwritten by a national employee organization.
- 20 (g) The term "Commission" means the Civil Service
- 21 Commission.
- 22 (h) The term "national employee organization" means
- 23 a bona fide labor organization, national in scope, which
- 24 represents only employees of one or more departments or
- 25 agencies of the Government.

1	ELECTION OF COVERAGE
-2,	Sec. 3. (a) This Act shall apply to any employee who
3	at such time, in such manner, and under such conditions of
4	eligibility as the Commission may by regulation prescribe
5	elects to enroll in a health benefits plan described in section :
6	either for himself alone or for himself and members of hi
7	family. Such regulations may provide for the exclusion o
8	employees on the basis of the nature and type of employ
9	ment or conditions pertaining thereto such as short-term ap
10	pointments, seasonal or intermittent employment, and em
11	ployment of like nature, but no employee or group of em
12	ployees shall be excluded solely on the basis of the hazardou
13	nature of employment.
14	(b)(1) This Act shall apply to any annuitant who a
15	the time he becomes an annuitant shall have been enrolled in
16	a health benefits plan under this Act—
17	(A) for a period not less than (i) five years, or
18	(ii) the period beginning on the last day of the firs
19	period, as prescribed by regulations of the Commission
20	in which he is eligible to enroll in such a plan and ending
21	on the date on which he becomes an annuitant, whichever
22	is shorter, or
23	(B) as a member of the family of an employee of
24	annuitant.

(2) This Act shall also apply to any annuitant not en-

- 1 rolled in a health benefits plan during the period referred to
- 2 in paragraph (1) if—
- 3 (A) such annuitant is (i) an annuitant described
- 4 in section 2(b)(2), (ii) an annuitant described in sec-
- 5 tion 2(b)(4) whose injury was sustained or whose ill-
- 6 ness was contracted prior to the effective date of the pro-
- 7 visions referred to in section 16(b), or (iii) a member of
- 8 the family of an annuitant referred to in (i) or (ii) or of
- 9 an employee or former employee described in section
- 10 2(b)(5) whose injury was sustained or whose illness was
- 11 contracted prior to such effective date, and
- (B) such annuitant elects to enroll in a health bene-
- 13 fits plan under this Act within such period, in such
- manner, and under such conditions of eligibility as the
- 15 Commission may by regulation prescribe.
- 16 (c) If an employee has a spouse who is an employee,
- 17 either (but not both) may enroll for himself and members
- 18 of his family, or either spouse may enroll for himself alone,
- 19 but no person may be enrolled both as an employee (or an-
- 20 nuitant) and as a member of the family.
- 21 (d) A change in the coverage of any employee or annui-
- 22 tant, or of any employee or annuitant and members of his
- 23 family, enrolled in a health benefits plan under this Act
- 24 may be made by the employee or annuitant only upon appli-
- 25 cation filed within sixty days after the occurrence of a change

- 1 in family status or at such other times and under such con-
- 2 ditions as may be prescribed by regulations of the Com-
- 3 mission.
- 4 (e) A transfer of enrollment from one health benefits
- 5 plan described in section 4 to another such plan shall be
- 6 made by an employee or annuitant only at such time or
- 7 times and under such conditions as may be prescribed by
- 8 regulations of the Commission.

9 HEALTH BENEFITS PLANS

- 10 Sec. 4. The Commission may approve the following
- 11 health benefits plans:
- 12 (1) SERVICE BENEFIT PLAN.—One Government-wide
- 13 service benefit plan under which in whole or substantial
- 14 part the physicians, hospitals, or other providers of covered
- 15 health services agree, under certain conditions, to accept the
- 16 payment provided by the plan as full payment for covered
- 17 services rendered by them.
- 18 (2) Indemnity benefit plan.—One Government-
- 19 wide indemnity benefit plan under which the carrier agrees
- 20 to pay to the employee or annuitant or member of his family,
- 21 who incurs expenses for health services covered under the
- 22 conditions of the policy, or to the providers of the health service
- 23 benefits, certain stipulated sums of money not in excess of
- 24 the actual expenses incurred.
- 25 (3) Employee organization plans.—Employee

- 1 organization plans which are sponsored, contracted for, and
- 2 administered in whole or substantial part, by national em-
- 3 ployee organizations, which are available only to persons
- 4 who are or have been members of the sponsoring organization,
- 5 and which provided benefits for health services to members
- 6 of the sponsoring organization on July 1, 1959.
- 7 (4) GROUP-PRACTICE PREPAYMENT PLANS.—Group-
- 8 practice prepayment plans which offer health services in
- 9 whole or in substantial part on a prepaid basis, with pro-
- 10 fessional services thereunder provided by physicians prac-
- 11 ticing as a group in a common center or centers. Such a
- 12 group shall include physicians qualified in at least three
- 13 major medical specialities and receive all or a substantial
- 14 part of its income from the prepaid funds.
- 15 BENEFITS TO BE PROVIDED UNDER PLANS
- 16 Sec. 5. (a) To the extent possible with the funds avail-
- 17 able under this Act, the benefits to be provided under plans
- 18 described in section 4 shall be the following:
- 19 (1) SERVICE BENEFIT PLAN.—
- 20 (A) Hospital benefits.—Benefits which the Com-
- 21 mission finds to be equivalent to the full cost of hospital care
- 22 in semiprivate accommodations in a general or acute special
- 23 hospital for one hundred and twenty days in any period of
- 24 continuous care or for one hundred and twenty days in the
- 25 aggregate in any periods of such hospitalization separated

- 1 by ninety days or less, except that such continuous or aggre-
- 2 gate periods in the case of tuberculosis and nervous and men-
- 3 tal conditions shall be thirty days.
- 4 (B) Surgical benefits.—Benefits which the Commis-
- 5 sion finds to be equivalent to the reasonable, necessary, and
- 6 customary charges for surgical services, and for care of
- 7 abnormal deliveries, made to persons with incomes less than
- 8 those of the one-quarter of Federal employees earning the
- 9. highest incomes.
- 10 (C) IN-HOSPITAL MEDICAL BENEFITS.—Benefits which
- 11 the Commission finds to be equivalent to the reasonable, neces-
- 12 sary, and customary charges for medical services rendered
- 13 during periods of hospitalization for which benefits are pro-
- 14 vided under subparagraph (A) to persons with incomes less
- 15 than those of the one-quarter of Federal employees earning
- 16 the highest incomes.
- (D) Ambulatory patient benefits for
- 18 services to hospital outpatients and other ambulatory patients
- 19 which the Commission finds to be practicable, reasonable,
- 20 and desirable with respect to diagnostic and treatment serv-
- 21 ices, surgical services, and services in cases of accidental
- 22 injury.
- 23 (E) Supplemental benefits equal to (i)
- 24 80 per centum of so much of the additional charges for health
- 25 services for each individual for each illness as exceeds \$100

- 1 but does not exceed \$1,500, plus (ii) the amount of any
- 2 such additional charges in excess of \$1,500 under such con-
- 3 ditions and such maximums as may be determined appro-
- 4 priate by the Commission. For the purpose of this subpara-
- 5 graph, "additional charges for health services" means the
- 6 amount by which the charges for health services for which
- 7 supplemental benefits are provided exceed any cash or service
- 8 benefits provided under subparagraphs (A), (B), (C), and
- 9 (D). The supplemental benefits provided for under this
- 10 subparagraph shall not duplicate or replace the benefits pro-
- 11 vided for under subparagraphs (A), (B), (C), and (D).
- 12 (F) Obstetrical benefits for normal de-
- 13 LIVERIES.—Benefits which shall not exceed \$100 for hospital
- 14 services and \$100 for professional services for normal de-
- 15 livery, prenatal and post partum care, and which shall be in
- 16 lieu of all benefits for such services under subparagraphs
- 17 (A), (B), (C), (D), and (E).
- 18 (2) INDEMNITY BENEFIT PLAN.—
- (A) Hospital Care.
- 20 (B) Surgical Care and Treatment.
- 21 (C) Medical Care and Treatment.
- 22 (D) Obstetrical Benefits.
- 23 (E) Prescribed Drugs, Medicines and Prosthetic
- 24 Devices.
- 25 (F) Other Medical Supplies and Services.

- 1 The plan may include deductible and coinsurance provi-
- 2 sions applicable to some or all of the benefits.
- 3 (3) Employee organization plans.—Benefits of
- 4 the type specified in this subsection under paragraph (1)
- 5 or (2).
- 6 (4) Group-practice prepayment plans.—Benefits
- 7 of the type specified in this subsection under paragraph (1)
- 8 or (2).
- 9 (b) The description contained in subsection (a) of the
- 10 scope and value of the benefits to be provided under health
- 11 benefits plans shall not be construed to preclude the provision
- 12 of alternative benefits under such plans. The Commission
- 13 may authorize, in lieu of the benefits described in subsection
- 14 (a), alternative benefits which it determines to be equally
- 15 acceptable under this Act and which may include deductible
- 16 and coinsurance provisions applicable to some or all of the
- 17 alternative benefits.

18 CONTRACTING AUTHORITY

- 19 Sec. 6. (a) The Commission is authorized, without re-
- 20 gard to section 3709 of the Revised Statutes or any other
- 21 provision of law requiring competitive bidding, to enter into,
- 22 or authorize enrollment under, a contract or contracts with
- 23 or to purchase a policy or policies from, qualified carriers
- 24 offering plans described in section 4 and providing the bene-
- 25 fits described in section 5. Each such contract or policy

- 1 shall be for a uniform term of at least one year, but may be
- 2 made automatically renewable from year to year in the ab-
- 3 sence of notice of termination by either party.
- 4 (b) Any contract or policy under this Act shall contain
- 5 a detailed statement of benefits offered and shall include
- 6 such maximums, exclusions, and other definitions of benefits
- 7 as the Commission may deem necessary and desirable.
- 8 (c) The Commission shall prescribe regulations fixing
- 9 reasonable minimum standards for health benefit plans de-
- 10 scribed in section 4 and for carriers offering such plans. The
- 11 Commission shall not approve any plan or enter into a con-
- 12 tract with or purchase a policy from any carrier unless such
- 13 plan or such carrier, as the case may be, complies with such
- 14 standards. Approval of such a plan shall not be withdrawn
- 15 except after notice and opportunity for hearing to the carrier
- 16 or carriers and to the employees concerned.
- 17 (d) No contract shall be made, policy purchased, or
- 18 plan approved, which excludes employees or annuitants
- 19 because of race, sex, health status, or, at the time of the
- 20 first opportunity to enroll, because of age.
- 21 (e) No health benefits plan shall be approved which
- 22 does not offer to employees and annuitants, whose enroll-
- 23 ment in the plan is terminated, other than by a cancellation
- 24 of enrollment, the option to convert, without evidence of
- 25 good health, to individual contracts providing health bene-

- 1 fits. An employee or annuitant who exercises this option
- 2 shall pay the full cost of the individual contract, on such
- 3 terms or conditions as are prescribed by the carrier and
- 4 approved by the Commission.
- 5 (f) The benefits and coverage made available pursuant
- 6 to the provisions of paragraph (e) shall be noncancelable
 - 7 by the carrier as to any individual, except for fraud, over-

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- 8 insurance, or nonpayment of premiums.
- 9 (g) Subscription charges and premiums under health
- 10 benefits plans described in section 4 shall reasonably and
- 11 equitably reflect the cost of the benefits provided.
- 12 CONTRIBUTIONS
- 13 Sec. 7. (a) (1) If an employee or annuitant enrolls
- 14 in a health benefits plan under this Act for himself only
- 15 there shall be withheld from the salary of such employee,
- 16 or annuity of such annuitant, as his contribution an amount
- 17 not to exceed \$1.75 biweekly, and the Government shall
- 18 contribute a like amount.
- 19 (2) Except as provided in paragraph (3), if an em-
- 20 ployee or annuitant enrolls in a health benefits plan under
- 21 this Act for himself and members of his family there shall
- 22 be withheld from the salary of such employee, or the annuity
- 23 of such annuitant, as his contribution an amount not to ex-
- 24 ceed \$4.25 biweekly, and the Government shall contribute
- 25 a like amount.

- 1 (3) If a member of the family of a female employee or
- 2 annuitant who enrolls in a health benefits plan under this
- 3 Act for herself and members of her family is a husband,
- 4 other than a dependent husband, there shall be withheld
- 5 from the salary of such employee or annuitant as her con-
- 6 tribution an amount not to exceed \$6 biweekly, and the
- 7 Government shall contribute an amount not to exceed \$2.50
- 8 biweekly.
- 9 (b) An employee enrolled in a health benefits plan
- 10 under this Act who is placed in a leave without pay status
- 11 may be authorized to continue his coverage, and the coverage
- 12 of members of his family, under such plan for a period not
- 13 to exceed one year in accordance with regulations prescribed
- 14 by the Commission. Such regulations may provide for
- 15 waiving the requirement of contributions by the employee
- 16 and the Government for all or any part of the period of
- 17 leave without pay.
- 18 (c) The sums authorized to be contributed by the Gov-
- 19 ernment with respect to any employee shall be paid from
- 20 the respective appropriation or fund which is used for pay-
- 21 ment of his salary, wage, or other compensation (or, (1)
- 22 in the case of an elected, official, from such appropriation or
- 23 fund as may be available for payment of other salaries of the
- 24 same office or establishment, and (2) in the case of an
- 25 employee in a leave without pay status, from the appropria-

- 1 tion or fund which would be used for the payment of the
- 2 salary of such employee if he were in a pay status). The
- 3 sums authorized to be contributed by the Government with
- 4 respect to any annuitant shall be paid from annual appro-
- 5 priations which are hereby authorized to be made for such
- 6 purpose.
- 7 (d) The Commission shall provide by regulation for
- 8 conversion of rates of contribution specified in this section in
- 9 the case of employees paid on other than a biweekly basis,
- 10 and for such purpose may provide for adjustment of any
- 11 such rate to the nearest cent.

12 FEDERAL EMPLOYEES HEALTH BENEFITS FUND

- Sec. 8. There is hereby created a Federal Employees
- 14 Health Benefits Fund, hereinafter referred to as the "Fund",
- 15 which is hereby made available without fiscal year limitation
- 16 for the payment of all premiums or subscription charges
- 17 under policies or contracts purchased or entered into under
- 18 section 6. The amounts withheld from the salaries of em-
- 19 ployees and the annuities of annuitants, and the amounts
- 20 contributed by the Government toward the cost of health bene-
- 21 fits for such employees and annuitants, shall be paid into the
- 22 Fund. The income derived from any dividends, premium
- 23 rate credits or other refunds shall be credited to and constitute
- 24 a part of the Fund. There shall be set aside in the Fund

from time to time such amounts, not to exceed 1 per centum of the amounts paid into the Fund for any fiscal year, as may be necessary to pay administrative expenses for such year. 3 Any amounts remaining in such Fund after all premium or subscription charges have been paid, and after the amounts 5 referred to in the preceding sentence have been set aside, shall 6 be retained as a special reserve for adverse fluctuations in 7 future charges, or may be applied to reduce the contributions 8 of employees and the Government to, or to increase the bene-9 fits provided by, the plan from which such amounts are 10 derived, as the Commission shall from time to time determine. 11 The Secretary of the Treasury is authorized to invest and 12 reinvest any of the moneys in the fund in interst-bearing 13 obligations of the United States and to sell such obligations of 14 the United States for the purposes of the Fund. The inter-15 est on and the proceeds from the sale of any such obligations 16 shall become a part of the Fund. 17 18

ADMINISTRATIVE EXPENSES

SEC. 9. (a) There are hereby authorized to be expended 19 from the Employees' Life Insurance Fund, without regard 20to limitations on expenditures from that Fund, for fiscal 21 years 1960 and 1961, such sums as may be necessary to pay 22 administrative expenses incurred by the Commission in 23 carrying out the health benefits provisions of this Act. Reim-24

- 1 bursements to the Employees' Life Insurance Fund for
- 2 sums so expended shall be made from the Federal Employees
- 3 Health Benefits Fund.
- 4 (b) The Federal Employees Health Benefits Fund is
- 5 hereby made available, within such limitations as may be
- 6 specified annually by the Congress, to pay such expenses
- 7 for fiscal year 1961 and subsequent fiscal years.
- 8 REGULATIONS
- 9 Sec. 10. (a) The Commission is authorized to promul-
- 10 gate such regulations as may be necessary to carry out the
- 11 provisions of this Act.
- 12 (b) Regulations of the Commission shall include regu-
- 13 lations with respect to the beginning and ending dates of
- 14 coverage of employees and annuitants and members of their
- 15 families under health benefit plans, and for such purpose may
- 16 permit such coverage to continue until the end of the pay
- 17 period in which an employee is separated from service or
- 18 until the end of the month in which an annuitant ceases to be
- 19 entitled to annuity, and in case of the death of such employee
- 20 or annuitant may permit the coverage of the members of his
- 21 family for a period not to exceed ninety days.
- (c) Regulations of the Commission shall provide that
- 23 any employee enrolled in a plan under this Act who is re-
- 24 moved or suspended without pay and later reinstated or
- 25 restored to duty on the ground that such removal or suspen-

- 1 sion was unjustified or unwarranted shall not be deprived of
- 2 coverage or benefits for the interim but shall have his cover-
- 3 age restored to the same extent and effect as though such
- 4 removal or suspension had not taken place, and appropriate
- 5 adjustments shall be made in accordance with such regula-
- 6 tions in premiums, subscription charges, contributions, and
- 7 claims.

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- 8 (d) Regulations of the Commission shall provide for
- 9 making available to each employee and annuitant eligible to
- 10 enroll in a health benefits plan under this Act such informa-
- 11 tion as may be necessary to enable such employee or annui-
- 12 tant to exercise an informed choice among the types of
- 13 plans referred to in section 4. Such regulations shall also
- 14 provide for the issuance to each employee and annuitant
- 15 enrolled in such a health benefits plan of an appropriate
- 16 certificate setting forth the services or benefits to which the
- 17 employee or annuitant, or the employee or annuitant and
- 18 members of his family, are entitled thereunder, the person
- 19 or persons to whom monetary benefits shall be payable, the
- 20 procedure for submitting claims, and the principal provi-
- 21 sions, or summaries thereof, of the plan affecting the em-
- 22 ployee or annuitant or members of his family.

STUDIES BY COMMISSION

- 24 Sec. 11. (a) The Commission shall make a continuing
- 25 study of the operation and administration of this Act, in-

- 1 cluding surveys and reports on health benefits plans avail-
- 2 able to employees and annuitants and on the experience of
- 3 such plans, with respect to such matters as gross and net
- 4 costs, administrative costs, benefits claimed and provided,
- 5 utilization of benefits, the extent to which the economic use
- 6 of benefits herein provided is assured, and the portion of
- 7 the actual personal expenditures of Federal employees and
- 8 annuitants for health care which is being met by prepaid
- 9 benefits.
- 10 (b) The Commission shall include provisions in con-
- 11 tracts with carriers which would require carriers to (1)
- 12 furnish such reasonable reports as the Commission deter-
- 13 mines to be necessary for the satisfactory completion of the
- 14 studies enumerated in subsection (a) with respect to gross
- 15 and net costs, administrative costs, benefits claimed and pro-
- 16 vided, utilization of benefits, and (2) permit the Commission
- 17 or its representatives and representatives of the General Ac-
- 18 counting Office to examine such records of the carriers as may
- 19 be necessary for verification of the information contained
- 20 in the carrier's reports.
- 21 (c) Employing agencies shall keep such records and
- 22 furnish the Commission with such information and reports
- 23 as may be necessary to enable it to carry out its functions
- 24 under this Act.

1	$ADVISORY\ COUNCIL$
2	Sec. 12. (a) There is hereby established a Federal
3	Employees Health Benefits Advisory Council which shall
4	consist of the following:
5	(1) the Secretary of Labor;
6	(2) the Director of the Bureau of the Budget;
7	(3) the Surgeon General of the Public Health
8	Service;
9	(4) the Chief of the Bureau of Medicine and Sur-
10	gery of the Veterans' Administration;
11.	(5) one member to be appointed by the President
12	who shall be representative of the public;
13	(6) three members to be appointed by the President
14	from among representatives of national employee or-
15	ganizations;
16	(7) three members to be appointed by the Presi-
17	dent who shall be representative of university schools
18	of medicine, hospital administration, and public health,
19	respectively.
20	The Advisory Council shall select a Chairman and a Vice
21	Chairman from among its members. Each member of the
22	Advisory Council referred to in clauses (1) to (4), inclu-
23	sive, may designate an alternate to attend meetings and par-
24	ticipate in activities of the Advisory Council in the place of

- 1 such member. Members of the Advisory Council referred to
- 2 in clauses (5) to (7), inclusive, shall be appointed for terms
- 3 of three years.
- 4 (b) It shall be the duty of the Advisory Council (1)
- 5 to make studies from time to time of the operation and ad-
- 6 ministration of this Act, (2) to receive reports and informa-
- 7 tion with respect thereto from the Commission, carriers, and
- 8 employees and their representatives, (3) to ascertain from
- 9 time to time the status of the Federal Employees Health
- 10 Benefits Fund, including the establishment and maintenance
- 11 of any balances or reserves, (4) to consult with and advise
- 12 the Commission in regard to the administration of this Act,
- 13 and (5) to make recommendations with respect to the
- 14 amendment of this Act or improvements in its administration.
- 15 No contract shall be awarded, renewed, or terminated and
- 16 no regulation shall be promulgated, for the purpose of carry-
- 17 ing out this Act, unless copies of proposed drafts thereof
- 18 shall have been furnished to the Advisory Council.
- (c) Members of the Council referred to in clauses (5)
- 20 to (7), inclusive, who are not otherwise in the employ of
- 21 the United States shall be entitled while attending meetings
- 22 of the Advisory Council, including travel time, to receive
- 23 compensation at a rate to be fixed by the Commission, but
- 24 not exceeding \$50 per diem, and while away from their

- 1 homes or regular places of business they may be allowed
- 2 travel expenses, including per diem in lieu of subsistence,
- 3 as authorized by law (5 U.S.C. 73b-2) for persons in the
- 4 Government service employed intermittently.
- 5 (d) The Advisory Council shall be convened by the
- 6 Commission within thirty days after the members referred
- 7 to in clauses (5) to (7) have been appointed, and there-
- 8 after shall meet not less often than quarterly, on call of
- 9 the Commission or on request of any three members of the
- 10 Advisory Council.
- 11 BUREAU OF RETIREMENT AND INSURANCE
- 12 Sec. 13. There is hereby established in the Civil Service
- 13 Commission a Bureau of Retirement and Insurance, which
- 14 shall perform such of the functions and duties of the Com-
- 15 mission with respect to retirement, life insurance, and health
- 16 benefits programs as the Commission shall prescribe. The
- 17 Bureau shall be headed by a Director. Except as provided
- 18 in the second and third sentences of the last paragraph of the
- 19 first section of the Act of January 16, 1883, the Director
- 20 shall be responsible only to the Chairman of the Commission
- 21 with respect to the matters transferred to the Chairman by the
- 22 provisions of section 2(a)(2) to 2(a)(6), inclusive, of
- 23 Reorganization Plan Numbered 5 of 1949. The position of
- 24 Director shall be placed in grade 18 of the General Schedule

- 1 of the Classification Act of 1949, as amended. Such posi-
- 2 tion shall be in addition to the number of positions otherwise
- 3 authorized by law to be placed in such grade.

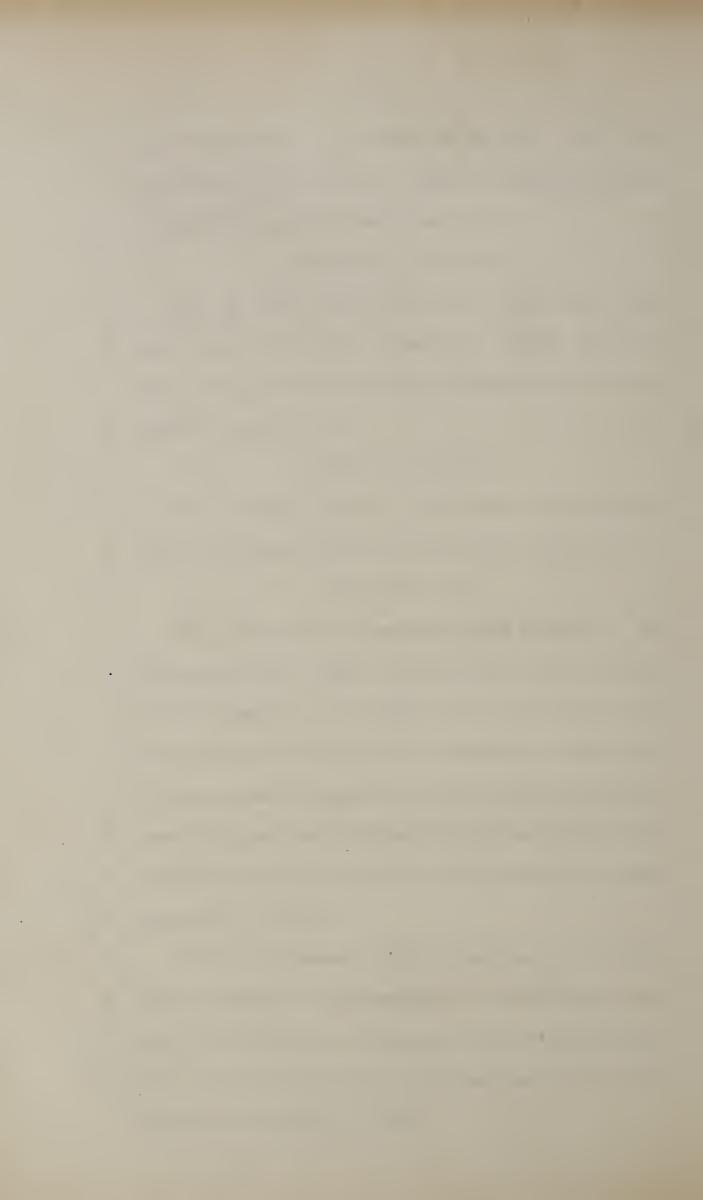
4 JURISDICTION OF COURTS

- 5 SEC. 14. The district courts of the United States shall
- 6 have original jurisdiction, concurrent with the Court of
- 7 Claims, of any civil action or claim against the United States
- 8 founded upon this Act.

9 REPORTS TO CONGRESS

- 10 Sec. 15. The Commission shall transmit to the Congress
- 11 annually a report concerning the operation of this Act.
- 12 EFFECTIVE DATE
- 13 Sec. 16. (a) The Commission shall transmit to the
- 14 Committee on Post Office and Civil Service of the Senate
- 15 and the Committee on Post Office and Civil Service of the
- 16 House of Representatives not later than May 1, 1960, copies
- 17 of any contracts proposed to be entered into, policies pro-
- 18 posed to be purchased, and regulations proposed to be promul-
- 19 gated, for the purpose of placing into operation health benefits
- 20 plans under this Act.
- 21 (b) The provisions of this Act relating to the enroll-
- 22 ment of employees and annuitants in health benefits plans
- 23 and the withholding and payment of contributions shall
- 24 take effect on the first day of the first pay period which
- 25 begins on or after July 1, 1960.







86TH CONGRESS
1ST SESSION

S. 2162

[Report No. 468]

A BILL

To provide a health benefits program for Government employees.

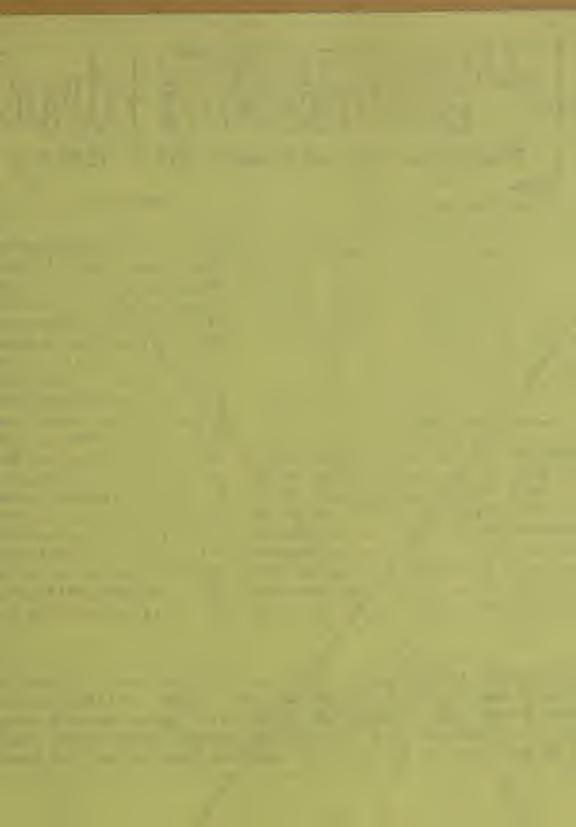
By Mr. Johnston of South Carolina and Mr. Neuberger

JUNE 12, 1959

Read twice and referred to the Committee on Post
Office and Civil Service

JULY 2, 1959

Reported with an amendment



THEN Y ----

Digest of CONGRESSIONAL PROCEEDINGS

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OFFICE OF BUDGET AND FINANCE

(For Department Staff Only)

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HIGHLIGHTS: House debated resolution to disapprove Reorganization Plan 1 on forest land authorities. House committee reported bill to modify and enact the Plan. Senate debated mutual security authorization bill Senate subcommittee voted to report public works appropriation bill. Rep. Johnson, Wis., introduced and discussed bill to transfer administration of School Lunch Act to HEW.

Retirement

School lunck.....

HOUSE

1. FORESTRY; REOLGANIZATION. Began and concluded debate on H. Res. 295, to disapprove Reorganization Plan No. 1 of 1959 which would transfer from Interior to this Department certain authorities for the exchange or sale of forest land and timber (pp. 11603-09). A vote on the measure was postponed until today, July 7 (p. 11609).

The Government Operations Committee reported, on July 3, with amendment H. R. 7681, to enact the provisions of Reorganization Plan No. 1 with amendments (M. Rept. 633) (p. 11614). Rep. Brown, O., protested against the Committee reporting the bill without public hearings, and stated that he had checked with Agriculture, Interior, and the Budget Bureau, and had been informed that they had not been requested by the Committee to testify on the bill (pp. 11604-5) Rep. Dawson, Ill., stated that H. R. 7681 will be brought up for consideration at a later date (p. 11609).

Passed as reported H. R. 3682, to permit the processing of certain applications under the Small Tracts Act for lands included in the Caribou and Targhee National Forests by the act of August 14, 1958.

- 2. RESEARCH. Passed with amendments H. R. 6436, to amend the Federal Insecticide, Fungicide, and Rodenticide Act so as to include nematocides, plant regulators, defaliants, and desiccants. pp. 11576-7
- 3. WILDLIFE; SURPLUS. GRAINS. Passed over, at the request of Rep. Polly, H. R. 7631, to make permanent the act of July 3, 1956, authorizing Interior to requisition low-quality grain from CCC for use in the prevention of waterfowl depredations. p. 11577
- 4. PERSONNEL. Passed as reported H. R. 7577, to provide for the defense of suits against Federal employees arising out of their operation of motor vehicles in the scope of their employment. p. 11578

Passed as reported H. R. 6059, to provide additional civilian positions in the Defense Department for scientific research and development. p. 11583

5. MONOPOLIES. Passed under suspension of the rules S. 726, to amend the Clayton Act so as to provide for the more expeditious enforcement of cease and desist orders issued under the act (pp. 11592-99). Rep. Celler stated that under the bill "Clayton Act cease and desigt orders will become final and conclusive 60 days after issuance unless the respondent seeks judicial review. event that judicial review is sought, the cease and desist. order will become final when affirmed by the court (p. 17593). The "Daily Digest" states that the bill was passed with amendment (p/D569).

SZNATE

- 6. MUTUAL SECURITY. Continued debase on S. 1451, the mutual security authorization bill for 1959. pp. 11539-47, 11548-65
- 7. PERSONNEL. Passed as reported H. R. 6134, to amend the Federal Employees Pay Act of 1945 to eliminate the authority to charge to certain current appropriations or allotments the gross amount of the salary earnings of Federal employe for certain pay periods occurring in part in previous fiscal years. p. 11529

Passed as reported S. 1495, to consolidate and revise the laws relating to

employment of aliens in the several States and D. C. p. 11529

Passed over, at the request of Sen. Keating, S. 2162, to provide a health benefits program for Government employees. p. 11536

8. WATER; RECLAMATION. Passed over at the request of Sen. Keating S. 281, to authorize the Secretary of Interior to construct, operate, and maintain a reregulating reservoir and other works at the Burns Creek site in the upper Snake Rixer Valley, Idaho. pp. 11529-30

Received from the Illinois Legislature a resolution urging Congress to defend and preserve the water rights of the States and individuals. 2. 11510

- 9. PUBLIC WORKS APPROPRIATION BILL FOR 1960. A subcommittee of the Appropriations Committee voted to report to the full committee this bill, H. R. 7509. p. D568
- 10. TRANSPORTATION. Passed as reported S. 1509, to amend the Interstate Commerce Act as amended to provide for "grandfather" rights (preference rights for certain carriers operating in the past) for certain motor carriers and freight forwarders in Alaska. pp. 11524-6

subsection (a) the following new subsection: "(a) If any foreign corporation shall transact business in the District without a certifiact business in the District without a certificate of authority, it shall, by transacting such business, be deemed to have thereby appointed the Commissioners its agent and representative upon whom any process, notice, or demand may be served. Service shall be made by delivering to and leaving with the Commissioners, or with any clerk having charge of their office, duplicate copies of such process, notice, or demand, together with an affidavit giving the latest known post office address of such corporation and such service shall be sufficient if notice thereof and a copy of the process, notice, or demand are forwarded by registered mail, addressed to such corporation at the address given in such affidavit. Service pursuant to this subsection shall be subject to the requirements of the last sentence of subsection (a) of this section." section."

SEC. 16. Paragraphs (f) and (l) of section 112 of the District of Columbia Business Corporation Act are repealed, and paragraphs (g) and (h) are redesignated (f) and (g), respectively.

SEC. 17. The District of Columbia Busines Corporation Act Is amended by adding at the end thereof the following new sections:

"SEC. 148. Wherever any provision of this Act authorizes or requires the service or forwarding of any process, notice, or demand by registered mail; such provision shall be deemed to include as an alternative the service or forwarding of such process, notice, or demand by certified mail.

"SEC. 149. All civil actions under this Act which the Commissioners are authorized to commence, and all prosecutions for violations of the provisions of this Act, shall be brought in the name of the District of Columbia by the Corporation Counsel of the District of

Columbia.

"SEC. 150. The Recorder of Deeds, after publishing notice of his intention so to do, is authorized, one hundred and eighty days after the effective date of this section, to destroy all duplicate original corporation papers filed in his office pursuant to this Act prior to October 2, 1957. Such notice shall describe in general terms each class of papers affected, and shall be published once a week for three consecutive weeks In a newspaper of general circulation in the District of Columbia, the third publication of such notice to appear not less than thirty days prior to the date after which such papers may be destroyed. Any corporation shall be entitled to the return to it of any paper authorized by this section to be destroyed upon written request to the Recorder of Deeds accompanied by a fee in the amount of \$1 for each such paper to cover the cost of postage and handling."

SEC. 18. This Act shall take effect on the sixtieth day after the date of its enactment.

The amendments were agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

TAX EXEMPTION OF CERTAIN PROPERTY IN THE DISTRICT OF COLUMBIA

The bill (S/1921) to exempt from taxation certain property of the United Spanish War Veterans, Inc., in the District of Columbia was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That that

part of the real property described as iot 886, in square 677, situated in the city of Washington, District of Columbia, which comprises the undivided one-half interest owned by the United Spanish War Veterans, Incorporated, is hereby exempt from all taxation so long as the same is owned and occupied by the United Spanish War Veterans, Incorporated, and is not used for commercial purposes, subject to the provisions of sections 2, 3, and 5 of the Act entitled "An Act to define the real property exempt from taxation in the District of Columbia", approved December 24, 1942 (56 Stat. 1089).

DESIGNATION OF THE GEORGE MASON MEMORIAL BRIDGE

The bill (H.R. 5534) to designate the bridge to be constructed over the Potomac River near 14th Street in the District of Columbia under the act of July 16, 1946, as the George Mason Memorial Bridge was considered, ordered to a third reading, read the third time, and passed.

REGULATION OF DENTISTRY IN THE DISTRICT OF COLUMBIA

The bill (H.R. 4072) to amend the act entitled "An Act for the regulation of the practice of dentistry in District of Columbia and for the protection of the people from empiricism, in relation thereto," approved June 8, 1892, as amended was considered, ordered to a third reading, read the third time, and passed.

Mr. MORSE. Mr. President, I ask unanimous consent that a statement in

explanation of H.R. 4072 be printed at this point in the RECORD.

There being no objection, the statement was ordered to be printed in the Record, as follows:

H.R. 4072, TO AMEND THE ACT ENTITLED "AN ACT FOR THE REGULATION OF THE PRACTICE OF DESTRICT Y IN THE DISTRICT OF COLUMBIA, AND FOR THE PROTECTION OF THE PEOPLE FROM EMPIRICISM IN RELATION THERETO," APPROVED JUNE 6, 1892, AS AMENDED

The purpose of this blil is to permit the District of Columbia Board of Dental Byaminers, in Its discretion, to waive any theo retical examination of an applicant for a license to practice dentistry if the applicant has successfully passed an examination given by the Natlonal Board of Dental Examiners, provided that the applicant can successfully pass the practical examination which is administered by the District of Columbia Board of Dental Examiners. committee has been informed that this type of examination procedure as provided in the bili is now followed in 44 States.

AMENDMENT OF DISTRICT OF CO-LUMBIA HOSPITAL CENTER ACT

The bill (H.R. 6662) to amend the District of Columbia Hospital Center Act in order to extend the time during which appropriations may be made for the purposes of such act was considered, ordered to a third reading, read the third time, and passed.

Mr. MORSE. Mr. President, I ask unanimous consent to have printed at this point in the Record an explanation of H.R. 6662.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

H.R. 6662, To AMEND THE DISTRICT OF CO-LUMBIA HOSPITAL CENTER ACT IN ORDER TO EXTEND THE TIME DURING WHICH APPRO-PRIATIONS MAY BE MADE FOR THE PURPOSES OF STICH ACT

The purpose of the blll is to extend the time for allowing private sponsors of the proposed new hospital in Southeast Washington to raise funds with which to match those given in grant by the Federal Gov-ernment under the terms of Hill-Burton legislation.

During the 85th Congress legislation was enacted amending the D.C. Hospital Center Act to provide a grant of \$3 million for the purpose of constructing the Southeast Hospital. The present bill would merely extend the time during which appropriations may be made for that purpose from the present closing date of June 30, 1959 to June 30, 1961.

This legislation has the approvai of the District Commissioners, the General Serves Administration (the agency administering the Hill-Burton program), the Washington Board of Trade and the Federation Citizens Associations of the District of Coiumbia.

The Committee was advised that enactment of the proposed bill has no determinable cost considerations affecting General Services Administration.

STRIKING OF MEDALS IN COMMEM-ORATION OF 100TH ANNIVERSARY OF WEST VIRGINIA INTO THE UNION

The bill (S. 2099) to provide for the striking of medals in commemoration of the 100th anniversary of the admission of West Virginia into the Union as a State was considered, ordered to be engrossed for a third reading read the third time, and passed, as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That in commemoration of the one hundredth anniversary of the admission of West Virginia into the Union as a State (which anniversary will be celebrated in 1963), the Secretary of the Treasury is authorized and directed to strike and furnish to the West Virginia Centennial Commission not more than wo hundred thousand silver medals, one and five-sixteenth Inches in diameter, with suitable emblems, devices, and inscriptions to be determined by the West Virginia Centennia Commission subject to the approval of the Secretary of the Treasury. The

of the Secretary of the Treasury. The medals shall be made and delivered at such times as may be required by the Commission in quantities of not less than two thousand, but no medals shall be made after December 31, 1963. The medals shall be considered to be national medals within the meaning of section 3551 of the Revised Statutes.

Sec. 2. (a) The Secretary of the Treasury shall cause such medals to be struck and furnished at not less than the estimated cost of manufacture; neciuding labor, materials, dies, use of machinery, and overhead expenses; and security satisfactory to the Director of the Mint shall be furnished to indemnify the United States for the full payment of such cost. payment of such cost.

(b) Upon authorization from the West Virginia Centenniai Commission, the Secretary of the Treasury shail cause deplicates sliver of such medal to be coined and sold, under such regulations as he may prescribe, as a price sufficient to cover the cost thereof (including labor).

CAPTIVE NATIONS WEEK

The joint resolution (S.J. Res. 111) providing for the designation of the week following the Fourth of July as Captive Nations Week, was announced as next in order.

Captive Nations Week, was announced as next in order.

Mr. KEATING. Mr. President, I wish to express my gratitude to all those who cooperated in expediting the passage of Senate Joint Resolution 111 which designates the third week in July of this year as Captive Nations Week. There was fine cooperation among all members of the Committee on the Judiciary to expedite consideration of this measure, and it seems most appropriate that such legislation be enacted following the celebration of our own independence. These captive nations deserve our constant thought and should be always in our prayers; and all of us express the hope that those who now suffer from oppression and who have the tyrant's boot on their necks may once again breathe the air of freedom.

Mr. BARTLETT. Mr. President, I ask unanimous consent that the senior Senator from Illinois [Mr. Douglas] be permitted to file a statement in connection with Senate Joint Resolution 111.

The PRESIDING OFFICER. Without objection, it is so ordered.

(See exhibit 1.)

EXHIBIT 1.

STATEMENT BY SENATOR DOUGLAS

I am delighted that the Senate has today adopted Joint Resolution 111 designating the third week of July as Captive Nations Week. With the resumption of the talks at Geneva, I believe the adoption of this resolution will strengthen the hand of the representatives of the free nations of the world who will meet with the Communists by serving notice that it is the sense of the Congress of the United States, as well as of the American people, that the tactics which have been so successful for the Communists in taking over weaker nations shall not prevail in the Geneva talks on West Germany. It will also help to reassure our friends behind the Iron Curtain that the free world is ever mindful of their plight, refuses to reconcile itself to their continued enslavement, and is prepared to use all peaceful means to help them achieve their ultimate liberation. Congressman McCormack has assured me that he will work for prompt consideration of the resolution by the House, so that the President dential proclamation can be issued in sufficient time to focus attention on it prior to the resumption of the Geneva meeting

At this time, Senator Javits and I wish to express our appreciation to the chairman of the Judiciary Committee, Mr. Eastland, for his courteous assistance in securing prompt consideration of this resolution by his committee. I am sure the other cosponsors of the joint resolution, Mr. Moss, Mr. Bush, Mr. Lausche, Mr. Scott, Mr. Hatte, Mr. Green, Mr. Dodd, Mr. Humphrey, Mr. Hart, Mr. Neuberger, Mr. Keating, Mr. Young of North Dakota, Mr. Engle, Mr. Curtis, Mr. Langer, Mr. Morse, and Mr. Case of New Jersey, would want to join me in this.

The PRESIDING OFFICER. Is there objection to the present consideration of

the joint resolution?

There being no objection, the Senate proceeded to consider the joint resolution, which had been reported from the Committee on the Judiciary, with an amendment, to strike out all after the resolving clause and insert:

That the President of the United States is authorized and requested to issue a proclamation designating the third week in July 1959 as "Captive Nations Week" and inviting the people of the United States to observe such week with appropriate ceremonies and activities. The President is further authorized and requested to issue a similar proclamation each year until such time as freedom and independence shall have been achieved for all the captive nations of the world.

The amendment was agreed to.

The joint resolution was ordered to be engrossed for a third reading, read the third time, and passed.

The title was amended, so as to read: "Joint resolution providing for the designation of the third week of July as Captive Nations Week."

The preamble was agreed to.

BILL PASSED OVER

The bill (S. 2162) to provide a health benefits program for Government employees was announced as next in order. Mr. KEATING. Over, by request.

The PRESIDING OFFICER. The bill will be passed over.

CAPTAIN ANTHONY MELDANL

The bill (N.R. 904) to rename the New Richmond locks and dam in the State of Ohio as the Captain Anthony Meldahl locks and dam was considered, ordered to a third reading read the third time and passed.

BILLS PASSED OVER

The bill (H.R. 3460) to amend the Tennessee Valley Authority Act of 1933, as amended, and for other purposes, was announced as next in order.

announced as next in order.

Mr. BARTLETT. Over, by equest, since this measure is not calendar busi-

The PRESIDING OFFICER. Objection is heard, and the bill will be passed over.

TERMS OF OFFICE OF MEMBERS OF REGULATORY COMMISSIONS BILL PASSED OVER

The bill (S. 1965) to establish certain provisions with respect to the removal and the terms of office of the members of certain regulatory agencies was announced as next in order.

Mr. KEATING. Over, by request.

The PRESIDING OFFICER. The bill will be passed over.

Mr. MAGNUSON. Mr. President, I wonder whether the distinguished Senator from New York and the Senator from Alaska will allow the title of the bill to be amended, so that the bill with its proper title will be before the Senate, as was intended, because the committee struck out the section which dealt with the removal of officers.

So I ask unanimous consent that the title be amended to read as follows: "A bill to make uniform provisions of law with respect to the terms of office of the members of certain regulatory agencies."

The removal section was deleted from the bill.

I make that request, Mr. President.
The PRESIDING OFFICER. The
Chair wishes to inform the Senator from
Washington that the title of the bill cannot be amended until the bill has been
passed.

Mr. MAGNUSON. Very well. But I wish to point out that the committee considered that the problem of the removal of officers should await action in the future.

PLACING OF CHILDREN IN FAMILY HOMES

The Senate proceeded to consider the bill (S. 746) to amend the act entitled "An Act to regulate the placing of children in family homes and for other purposes", approved April 22, 1944, as amended. The bill had been reported from the Committee on the District of Columbia with amendments.

Mr. MORSE. Mr. President, I ask manimous consent to have printed in the Record an explanation of this bill.

There being no objection, the statement was ordered to be printed in the Record, as follows:

S. 746, TO AMEND THE ACT ENTITLED "AN ACT TO REGULATE THE PLACING OF CHILDREN IN FAMILY HOMES, AND FOR OTHER PURPOSES," APPROVED APRIL 22, 1944, AS AMENDED, AND FOR OTHER PURPOSES

The purpose of this bill is to amend the act of April 22, 1944, so as to accomplish the following:

(1) Permit the acknowledgment of the relinquishment of parental rights before a person authorized to administer oaths as well as before a representative of a licensed child-placing agency. This change would obviate the present necessity of either having a mother who has left this jurisdiction having to return to effect the relinquishment, or the alternative of having a representative of a licensed agency travel to the new home of the mother for the purpose of witnessing the acknowledgment; and

(2) Permit the Commissioners of the District to delegate their authority contained in existing law to execute agreements with any person, firm, corporation, association, or public agency authorized by a State or country for the care and placement of minors to allow the person, agency, etc., to place non-resident children in foster or adoption homes in the District.

It is anticipated that there will be some decrease in cost to the District as a result of enactment of the bill.

The PRESIDING OFFICER. The committee amendments will be stated.

The amendments of the Committee on the District of Columbia were on page 3, line 15, after the word "said", to strike out "court." and posert "court."", and at the top of page 4, to strike out:

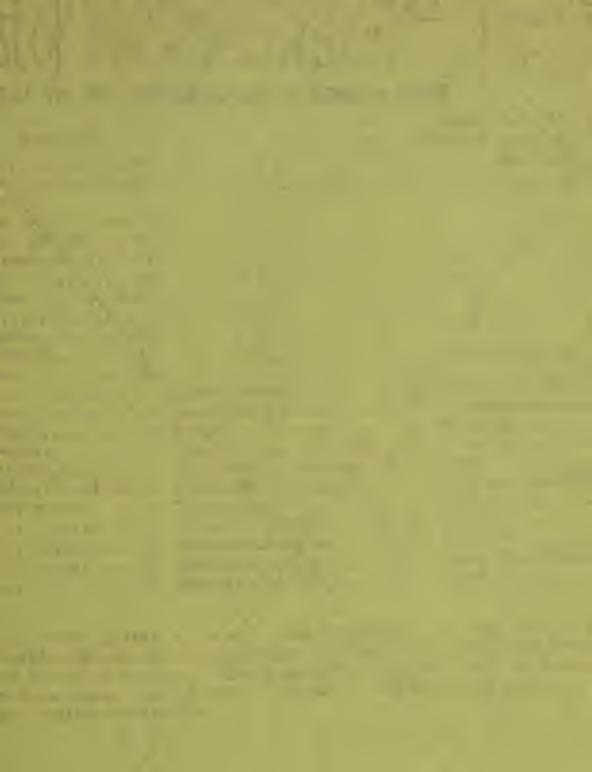
at the top of page 4 to strike out:

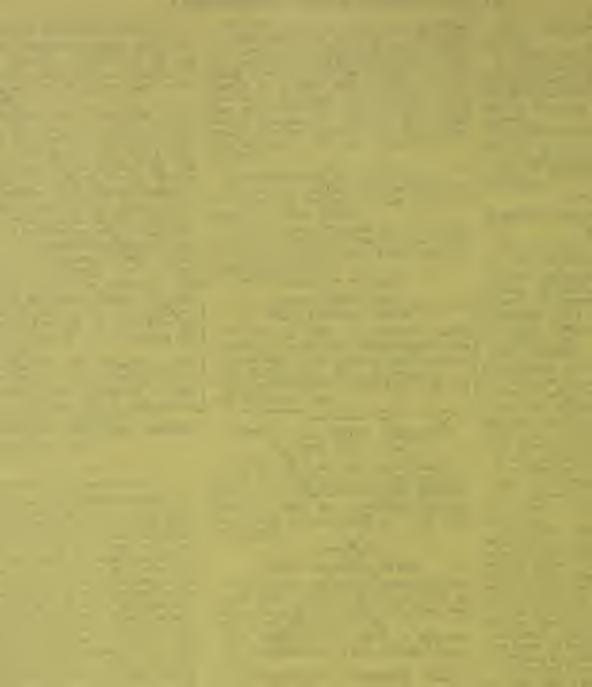
SEC. 3. Subsection (b) (2) of section 6 of
the Act entitled "An Act to prescribe and
regulate the procedure for adoption in the
District of Columbia", approved June 8, 1954
(68 Stat. 242; sec. 16 213(b), D.C. Code, 1951
edition) is amended as follows:

"(a) by striking therefrom subperagraphs a and b and inserting in lieu thereof the following:

"'a. both parents, if they are or were married and are both alive, or the surviving parent if one is dead; or';

"(b) by relettering subparagraph e as and amending it to read as follows:





Digest of CONGRESSIONAL PROCEEDINGS

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

OFFICE OF BUDGET AND FINANCE

(For Department Staff Only)

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HIGHLIGHTS: Senate passed bills to: Make surplus cotton available to textile mills. Provide employee health insurance program. Sen. Mansfield criticized forest road financing policies. House committee reported bill to increase Federal travel per diem rates. Sen. Stennis introduced and discussed bill to establish Agricultural Policy Commission.

SENATE

1. COTTON; TEXTILES. Passed without amendment S. 314, to direct the Secretary of Agriculture to make available to textile mills during the fiscal year 1960, and the four succeeding years, not less than 750,000 bales of surplus CCC cotton at such prices as he determines will allow the U. S. cotton textile industry to regain the level of exports of cotton products maintained by it during the period 1947 through 1952. pp. 12378-9

period 1947 through 1952. pp. 12378-9

Sen. Talmadge expressed his concern over the importation of cotton textiles, and inserted the text of his letter to the Secretary urging favorable consideration of the petition filed by the National Cotton Council "to invoke the safegyards of section 22 of the Agricultural Adjustment Act against indiscriminate

importation of foreign textile products." pp. 12324-5

2. PERSONNEL. By a vote of 81 to 4, passed as reported S. 2162, to provide a health insurance program for Federal employees (pp. 12351-63). Sen. Johnston explained

the purpose of the bill as follows:

"The bill proposes an equal division of cost between Government and the employees. The total cost of the bill will be determined by the administering agency's prudence in arriving at contracts with the carriers that will give maximum benefits with a minimum of cost.

"The bill will give employees a choice of between two or possibly three plans, whichever might be best suited to the employee's individual needs.

"The bill provides a broad framework within which the Civil Service Commission can develop specific contracts for benefits.

"Employees in the executive, judicial, and legislative branches of the Federal Government would be eligible to enroll for themselves and members of their families, including children up to age 19."

- 3. FORESTRY. Sen. Mansfield criticized administration policies for the construction of forest roads and trails, contending there was "hidden spending" in such construction resulting from the practice that "When timber is offered for sale under terms which require that the purchaser build the main roads, plus the usual logging spurs, the price of the timber is reduced sufficiently to reflect these estimated costs." pp. 12323-4
- 4. RESEARCH. Passed as reported S. 864, to grant the Secretary authority to dispose of animals infected or exposed to communicable diseases dangerous to livestock or poultry. pp. 12372-80
- 5. INSECTICIDES, ETC. Passed as reported H. R. 6436, to amend the Federal Insecticide, Fungicide, and Rodenticide Act so as to include nematocides, planted regulators, defoliants, and designants. pp. 12380-1
- 6. FARM CREDIT. Passed with amendments S. 1512, to amend the Federal Farm Loan Act so as to transfer responsibility for making appraisals from the Farm Credit Administration to the Federal land banks. pp. 12370, 12373-8
- 7. VETERANS; FARM LOANS. Sen. Yarborough inserted an explantion of S. 1138, to provide for readjustment assistance to veterans who served in the Armed force between Jan. 31, 1955, and July 1, 1963, which includes provisions authorizing loans to veterans to purchase farms and equipment, including farm homes, and payments for courses in on-farm training. pp. 12368-70
- 8. WHEAT. Sen. Carlson expressed his pleasure over the harvest of "a very good crop" of wheat, stating that "This is the first year in many years that we have not had a serious shortage of railroad cars for the movement of this grain." p. 12331
- 9. FOREIGN CURRENCIES. Sen. Fulbright inserted and discussed letters from the State Department expressing opposition to the use of foreign currencies by that Department for representation and travel purposes. pp. 12336-8
- 10. APPROPRIATIONS. Sen. Curtis urged enactment of legislation to authorize the President to reduce or eliminate amounts in appropriation bills by issuance of Executive orders on such items. pp. 12327-8
- 11. ADMINISTRATIVE PROCEDURE. Sen. Carroll announced that hearings will be held July 21-23 by the Subcommittee on Administrative Practice and Procedure of the Judiciary Committee on S. 2374, concerning standards of conduct in agency

The agency men properly observed that deal may be accomplished within great the existing TV relationship between commerce and culture and that often the best terests of advertisers and audience do coindide. Moreover, it was brought out, some

incide. Moreover, it was brought out, some sponsors, seeking an institutional image rather than a direct sale, may offer an increasing volume of programing intended for "the lace-curtain audience" rather than "the bread-and-butter audience."

But the testimony left no doubt that, if TV is to achieve its full potential as a medium giving vent to the limitless thoughts and iteas of mankind, the task cannot be left only to commercially sponsored TV. If the taboos, apprehensions, and anxieties of sponsors and agency men may have application in the marketplace, it does not follow that such a set of mores should govern one of the country's major platforms for human expression.

Interestingly enough, the agency men stressed that it was only the network that had both the ultimate and practical authority to determine the composition of today's national TV. Mr. Pinkham for one, unged the networks to ture avacuing the prevents of the country to the networks to ture avacuing the prevents of the country to the networks to ture avacuing the prevents of the country to the networks to ture avacuing the prevents of the country to the networks to ture avacuing the prevents of the country to the networks to ture avacuing the prevents of the country to the networks to ture avacuing the prevents of the country to the networks to ture avacuing the prevents of the country to the country

day's national TV. Mr. Pinkham for one, urged the networks to try experimentation urged the networks to try experimental and, if necessary, withdraw from sale enough evening time for the types of prodertake for purely business reasons.

PROBLEM

The effect of the FCC hearing, therefore, has been to stress at a timely moment the crucial matter of balance in programing. Hýsterical outbursts against agency men or sponsors will not offer any solution. In all entertainment forms there always is a preponderance of producers interested in pleasing most of the people most of the time and avoiding anything that might prove unattractive; the average sponsor's attitude is nothing unique in mass show business.

But the urgent lesson to be drawn from the agency testimony is that there must be companion forms of TV that are free from worries over sellers and consumers, marketing and distribution, corporate profiles and product images. In a healthy TV medium there must be room not only for happy entertainment but also for the does deal with misery and desolation or the documentary that sets the public agog over a controversial issue that requires the Nation's immediate attention.

A mixture of commercial and sustaining programing always has been basic to the American concept of broadcasting. In recent years economic pressures and FCC indifference have thrown this approach out of kilter. The major service performed by the agency men was to illustrate that sponsors can render many excellent services in preeting public needs but they are clearly not in a position to do everything. It is a point that has needed to be made for a long

Mr. JOHNSON of Texas Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. JOHNSON of Texas. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.
The PRESIDING OFFICER. Without

objection, it is so ordered.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Maurer, one of its reading clerks, announced that the House had agreed to the amendments

of the Senate to the bill (H.R. 6118) to amend section 6 of the act of September 11, 1957, with an amendment, in which it requested the concurrence of the

The message also announced that the House had agreed to the amendments of the Senate to the bill (H.R. 6134) to amend the Federal Employees Pay Act of 1945 to eliminate the authority to charge to certain current appropriations or allotments the gross amount of the salary earnings of Federal employees for certain pay periods occurring in part in previous fiscal years, with an amend-ment, in which it requested the concurrence of the Senate.

HEALTH BENEFITS PROGRAM FOR GOVERNMENT EMPLOYEES

Mr. JOHNSON of Texas. Mr. President, I ask unanimous consent that the Senate proceed to the consideration of Calendar No. 461, Senate bill 2162, the so-called Neuberger bill, to provide a health benefits program for Government employees. The bill was introduced by the chairman of the committee [Mr. JOHNSTON of South Carolina] and the junior Senator from Oregon [Mr. NEU-BERGER].

The PRESIDING OFFICER. The bill will be stated by title for the information of the Senate.

The Legislative Clerk. A bill (S. 2162) to provide a health benefits program for Government employees.

The PRESIDING OFFICER. Is there objection to the present consideration of the bill?

There being no objection, the Senate proceeded to consider the bill, which had been reported from the Committee on Post Office and Civil Service with an amendment, to strike out all after the enacting clause and insert:

That this Act may be cited as the "Federal Employees Health Benefits Act of 1954".

DEFINITIONS

SEC. 2. As used in this Act-

the term "employee" means an appointive or elective officer or employee in or under the executive, judicial, or legislative branch of the United States Government, including a Government-owned or controlled corporation (but not including any corporation under the supervision of the Farm Credit Administration, of which corporation any member of the board of directors is elected or appointed by private interests), or of the municipal government of the District of Columbia, and includes an Official Reporter of Debates of the Senate and a person employed by the Official Reporters of Debates of the Senate in connection with the performance of their official duties, and an employee of Gallaudet College, but does not include (1) a member of a "uniformed service" as such term is defined in section 1072 of title 10 of the United States Code, (2) a noncitizen employee whose permanent-duty station is located outside a State of the United States or the District of Columbia, or (3) an employee of the Tennessee Valley Authority.

(b) The term "annuitant" means (1) an employee who on or after the effective date of the provisions referred to in section 16(b) retires on an immediate annuity, under the Civil Service Retirement Act or other retirement system for civilian employees of the Government, after twelve or more years of

service or for disability, (2) an employee who on or after the date of enactment of this Act and prior to such effective date retires on such annuity (i) after twelve or more years of service upon involuntary separation not by removal for cause on charges of misconduct or delinquency or (ii) for disability, (3) a member of a family who receives an immediate annuity as the survivor of a retired employee described in clause (1) or clause (2), or of an employee who dies on or after such date of enactment after completing five or more years of service, (4) an employee who receives monthly compensation under the Federal Employees Compensation Act as a result of injury sustained or illness contracted on or after such date of enactment and who is determined by the Secretary of Labor to be unable to return to duty, and (5) a member of a family who receives monthly compensation under the Federal Employees Compensation Act as the surviving beneficiary of (i) an employee who dies after completing five or more years of service as a result of injury sustained or illness contracted on or after such date of enactment or (ii) a former employee who is separated after completing five or more years of service and who dies while receiving monthly compensation under such Act on account of injury sustained or illness contracted on or after such date of enactment. For the purpose of this subsection, "service" means service which is creditable for the purposes of the Civil Service Retire-

(c) The term "member of family" means an employee's or annuitant's spouse, un-married child under the age of nineteen years (including (1) an adopted child, and (2) a stepchild or recognized natural child who lives with and receives more than onehalf his support from the employee or annuitant in a regular parent-child relation-ship), or unmarried child regardless of age who is incapable of self-support because of a mental or physical incapacity that existed prior to his reaching the age of nineteen years and who is in fact dependent on the employee or annuitant for over one-half his support

(d) The term "dependent husband" means a husband who is incapable of selfsupport by reason of mental or physical disability, and who receives more than one-half of his support from the employee or annuitant.

(e) The term "health benefits plan" means an insurance policy or contract, medical or hospital service agreement, membership or subscription contract or similar arrangement provided by a carrier for the purpose of providing, paying for, or reimbursing expenses for health services.

(f) The term "carrier" means a voluntary

association, corporation, or partnership, or other organization (other than an agency or instrumentality of the Federal Government or of any State or political subdivision thereof) which is lawfully engaged in providing, or paying for or reimbursing the cost of, health services under insurance policies or contracts, medical or hospital service agreements, membership or subscription contracts, or similar arrangements, in consideration of premiums or other charges payable to the carrier, including a health benefits plan duly sponsored or underwritten by a national employee organization.

(g) The term "Commission" means the Civil Service Commission.

(h) The term "national employee organization" means a hope for including the control of the cont tion, national in scope, which represents only employees of one or more departments or agencies of the Government.

ELECTION OF COVERAGE

SEC. 3. (a) This Act shall apply to any employee who, at such time, in such manner, and under such conditions of eligibility

as the Commission may by regulation prescribe, elects to enroll in a health benefits plan described in section 4 either for himself alone or for himself and members of his family. Such regulations may provide for the exclusion of employees on the basis of the nature and type of employment or conditions pertaining thereto, such as short-term appointments, seasonal or intermittent employment, and employment of like nature, but no employee or group of employees shall be excluded solely on the basis of the hazardous nature of employment.

(b) (1) This Act shall apply to any annuitant who at the time he becomes an annuitant shall have been enrolled in a health

benefits plan under this Act-

(A) for a period not less than (i) five years, or (ii) the period beginning on the last day of the first period, as prescribed by regulations of the Commission, in which he is eligible to enroll in such a plan and ending on the date on which he becomes an annuitant, whichever is shorter, or

(B) as a member of the family of and

employee or annuitant.

- (2) This Act shall also apply to any annuitant not enrolled in a health benefits plan during the period referred to in paragraph (1) if—
- (A) such annuitant is (i) an annuitant described in section 2(b)(2), (ii) an annuitant described in section 2(b)(4) whose injury was sustained or whose illness was contracted prior to the effective date of the provisions referred to in section 16(b), or (iii) a member of the family of an annuitant referred to in (i) or (ii) or of an employee or former employee described in section 2(b)(5) whose injury was sustained or whose illness was contracted prior to such effective date, and
- (B) such annuitant elects to enroll in a health benefits plan under this Act within such period, in such manner, and under such conditions of eligibility as the Commission may by regulation prescribe.
- (c) If an employee has a spouse who is an employee, either (but not both) may enroll for himself and members of his family, or either spouse may enroll for himself alone, but no person may be enrolled both as an employee (or annuitant) and as a member of the family.
- (d) A change in the coverage of any employee or annuitant, or of any employee or annuitant and members of his family, enrolled in a health benefits plan under this Act may be made by the employee or annuitant only upon application filed within sixty days after the occurrence of a change in family status or at such other times and under such conditions as may be prescribed by regulations of the Commission.
- (e) A transfer of enrollment from one health benefits plan described in section 4 to another such plan shall be made by an employee or annuitant only at such time or times and under such conditions as may be prescribed by regulations of the Commission.

HEALTH BENEFITS PLANS

SEC. 4. The Commission may approve the following health benefits plans:

- (1) Service benefit plan.—One Government-wide service benefit plan under which in whole or substantial part the physicians, hospitals, or other providers of covered health services agree, under certain conditions, to accept the payment provided by the plan as full payment for covered services rendered by them.
- (2) INDEMNITY BENEFIT PLAN.—One Government-wide indemnity benefit plan under which the carrier agrees to pay to the employee or annuitant or member of his family, who incurs expenses for health services covered under the conditions of the policy, or to the providers of the health service bene-

fits, certain stipulated sums of money not in excess of the actual expenses incurred.

- (3) EMPLOYEE ORGANIZATION PLANS.—Employee organization plans which are sponsored, contracted for, and administered in whole or substantial part, by national employee organizations, which are available only to persons who are or have been members of the sponsoring organization, and which provided benefits for health services to members of the sponsoring organization on July 1, 1959
- (4) GROUP-PRACTICE PREPAYMENT PLANS.—Group-practice prepayment plans which offer health services in whole or in substantial part on a prepaid basis, with professional services thereunder provided by physicians practicing as a group in a common center or centers. Such a group shall include physicians qualified in at least three major medical specialties and receive all or a substantial part of its income from the prepaid funds.

BENEFITS TO BE PROVIDED UNDER PLANS

SEC. 5. (a) To the extent possible with the funds available under this Act, the benefits to be provided under plans described in section 4 shall be the following:

(1) SERVICE BENEFIT PLAN.-

(A) Hospital benefits.—Benefits which the Commission finds to be equivalent to the full cost of hospital care in semiprivate accommodations in a general or acute special hospital for one hundred and twenty days in any period of continuous care or for one hundred and twenty days in the aggregate in any periods of such hospitalization separated by ninety days or less, except that such continuous or aggregate periods in the case of tuberculosis and nervous and mental conditions shall be thirty days.

(B) SURGICAL BENEFITS.—Benefits which the Commission finds to be equivalent to the reasonable, necessary, and customary charges for surgical services, and for care of abnormal deliveries, made to persons with incomes less than those of the one-quarter of Federal employees earning the highest incomes.

ployees earning the highest incomes.

(C) IN-HOSPITAL MEDICAL BENEFITS.—Benefits which the Commission finds to be equivalent to the reasonable, necessary, and customary charges for medical services rendered during periods of hospitalization for which benefits are provided under subparagraph (A) to persons with incomes less than those of the one-quarter of Federal employees earning the highest incomes.

(D) AMBULATORY PATIENT BENEFITS.—Benefits for services to hospital outpatients and other ambulatory patients which the Commission finds to be practicable, reasonable, and desirable with respect to diagnostic and treatment services, surgical services, and services in cases of accidental injury.

- (E) Supplemental benefits.—Benefits equal to (i) 80 per centum of so much of the additional charges for health services for each individual for each illness as exceeds \$100 but does not exceed \$1,500, plus (ii) the amount of any such additional charges in excess of \$1,500 under such conditions and such maximums as may be determined appropriate by the Commission. For the purpose of this subparagraph, "additional charges for health services" means the amount by which the charges for health services for which supplemental benefits are provided exceed any cash or service benefits provided under subparagraphs (A), (B), (C), and (D). The supplemental benefits provided for under this subparagraph shall not duplicate or replace the benefits provided for under subparagraphs (A), (B), (C), and (D).
- (F) Obstetrical benefits for norman de-Liveries.—Benefits which shall not exceed \$100 for hospital services and \$100 for professional services for normal delivery, prenatal and post partum care, and which shall

be in lieu of all benefits for such services under subparagraphs (A), (B), (C), (D), and (E).

- (2) INDEMNITY BENEFIT PLAN.
- (A) Hospital Care.
- (B) Surgical Care and Treatment.
- (C) Medical Care and Treatment.
- (D) Obstetrical Benefits.
- (E) Prescribed Drugs, Medicines and Prosthetic Devices.
- (F) Other Medical Supplies and Services.
 The plan may include deductible and coinsurance provisions applicable to some or all of the benefits.
- (3) EMPLOYEE ORGANIZATION PLANS.—Benefits of the type specified in the subsection under paragraph (1) or (2).

(4) GROUP-PRACTICE PREPAYMENT PLANS.—Benefits of the type specified in this subsection under paragraph (1) or (2).

(b) The description contained in subsection (a) of the scope and value of the benefits to be provided under health benefits plans shall not be construed to preclude the provision of alternative benefits under such plans. The Commission may authorize, in lieu of the benefits described in subsection (a), alternative benefits which it determines to be equally acceptable under this Act and which may include deductible and coinsurance provisions applicable to some or all of the alternative benefits.

CONTRACTING AUTHORITY

SEC. 6. (a) The Commission is authorized, without regard to section 3709 of the Revised Statutes or any other provision of law requiring competitive bidding, to enter into, or authorize enrollment under, a contract or contracts with or to purchase a policy or policies from, qualified carriers offering plans described in section 4 and providing the benefits described in section 5. Each such contract or policy shall be for a uniform term of at least one year, but may be made automatically renewable from year to year in the absence of notice of termination by either party.

(b) Any contract or policy under this Act shall contain a detailed statement of benefits offered and shall include such maximums, exclusions, and other definitions of benefits as the Commission may deem necessary and

desirable.

(c) The Commission shall prescribe regulations fixing reasonable minimum standards for health benefit plans described in section 4 and for carriers offering such plans. The Commission shall not approve any plan or enter into a contract with or purchase a policy from any carrier unless such plan or such carrier, as the case may be, complies with such standards. Approval of such a plan shall be withdrawn except after notice and opportunity for hearing to the carrier or carriers and to the employees concerned.

(d) No contract shall be made, policy purchased, or plan approved, which excludes employees or annuitants because of race, sex, health status, or, at the time of the first op-

portunity to enroll, because of age.

- (e) No health benefits plan shall be approved which does not offer to employees and annuitants, whose enrollment in the plan is terminated, other than by a cancellation of enrollment, the option to convert, without evidence of good health, to individual contracts providing health benefits. An employee or annuitant who exercises this option shall pay the fuil cost of the individual contract, on such terms or conditions as are prescribed by the carrier and approved by the Commission.
- (f) The benefits and coverage made available pursuant to the provisions of paragraph (e) shail be noncancelable by the carrier as to any individual, except for fraud, overinsurance, or nonpayment of premiums.
- (g) Subscription charges and premiums under health benefits plans described in

section 4 shall reasonably and equitably reflect the cost of the benefits provided.

CONTRIBUTIONS

SEC. 7. (a) (1) If an employee or annuitant enrolls in a health benefits plan under this Act for himself only there shall be withheld from the saiary of such employee, or annuity of such annuitant, as his contribution an amount not to exceed \$1.75 biweekly, and the Government shall contribute a like amount.

(2) Except as provided in paragraph (3), if an employee or annuitant enrois in a health benefits plan under this Act for himseif and members of his family there shali be withheld from the salary of such employce, or the annuity of such annuitant, as his contribution an amount not to exceed \$4.25 biweekly, and the Government shall contribute a like amount.

(3) If a member of the family of a female employee or annuitant who enroils in a health benefits plan under this Act for herself and members of her family is a husband, other than a dependent husband, there shall be withheld from the salary of such employee or annuitant as her contribution an amount not to exceed \$6 biweekly, and the Government shall contribute an amount not to ex-

ceed \$2.50 biweekly.
(b) An employee enrolled in a health benefits pian under this Act who is placed in a leave without pay status may be authorized to continue his coverage, and the coverage of members of his family, under such plan for a period not to exceed one year in accordance with regulations prescribed by the Commission. Such regulations may provide for waiving the requirement of contributions by the employee and the Government for all or any part of the period of leave without

(c) The sums authorized to be contributed by the Government with respect to any employee shall be paid from the respective appropriation or fund which is used for payment of his saiary, wage, or other compensation (or, (1) in the case of an elected official, from such appropriation or fund as may be available for payment of other salaries of the same office or establishment, and (2) in the case of an employee in a leave without pay status, from the appropriation or fund which would be used for the payment of the salary of such employee if he were in a pay status) The sums authorized to be contributed by the Government with respect to any annuitant shall be paid from annual appropriations which are hereby authorized to be made for such purpose.

(d) The Commission shall provide by regulation for conversion of rates of contribution specified in this section in the case of employees paid on other than a biweckly basis, and for such purpose may provide for adjustment of any such rate to the nearest

FEDERAL EMPLOYEES HEALTH BENEFITS FUND

SEC. 8. There is hereby created a Federal Employees Health Benefits Fund, hereinafter referred to as the "Fund", which is hereby made available without fiscal year limitation for the payment of all premiums or subscription charges under policies or contracts purchased or entered into under section 6. The amounts withheld from the salaries of employees and the annuities of annuitants, and the amounts contributed by the Government toward the cost of health benefits for such employees and annuitants. shall be paid into the Fund. The income derived from any dividends, premium rate credits or other refunds shall be credited to and constitute a part of the Fund. There shall be set aside in the Fund from time to time such amounts, not to exceed 1 per centum of the amounts paid into the Fund for any fiscal year, as may be necessary to pay administrative expenses for such year. Any amounts remaining in such Fund after all

premium or subscription charges have been paid, and after the amounts referred to in the preceding sentence have been set aside, shall be retained as a special reserve for adverse fluctuations in future charges, or may be applied to reduce the contributions of employecs and the Government to, or to increase the benefits provided by, the pian from which such amounts are derived, as the Commission shall from time to time determine. The Secretary of the Treasury is authorized to invest and reinvest any of the moneys in the fund in interest-bearing obligations of the United States and to sell such obligations of the United States for the purposes of the Fund. The interest on and the proceeds from the saie of any such obligations shall become a part of the Fund.

ADMINISTRATIVE EXPENSES

SEC. 9. (a) There are hereby authorized to be expended from the Employees' Life Insurance Fund, without regard to limitations on expenditures from that Fund, for fiscal years 1960 and 1961, such sums as may be necessary to pay administrative expenses incurred the Commission in carrying out the heaith benefits provisions of this Act. Reimbursements to the Employees' Life Insurance Fund for sums so expended shall be made from the Federal Employees Health Benefits Fund.

(b) The Federal Employees Health Benefits Fund is hereby made available, within such limitations as may be specified annualiy by the Congress, to pay such expenses for fiscal year 1961 and subsequent fiscal years.

SEC. 10. (a) The Commission is authorized to promuigate such regulations as may be necessary to carry out the provisions of this Act.

- (b) Regulations of the Commission shall include regulations with respect to the beginning and ending dates of coverage of empiovees and annuitants and members of their families under health benefit plans, and for such purpose may permit such coverage to continue until the end of the pay period in which an employee is separated from service or until the end of the month in which an annuitant ceases to be entitled to annuity, and in case of the death of such employee or annuitant may permit the coverage of the members of his family for a period not to exceed ninety days.
- (c) Regulations of the Commission shall provide that any employee enrolled in a plan under this Act who is removed or suspended without pay and later reinstated or restored to duty on the ground that such removal or suspension was unjustified or unwarranted shail not be deprived of coverage or benefits for the interim but shall have his coverage restored to the same extent and effect as though such removal or suspension had not taken place, and appropriate adjustments shall be made in accordance with such reguiations in premiums, subscription charges, contributions, and claims.
- (d) Regulations of the Commission shall provide for making available to each employee and annuitant eligible to enroil in a heaith benefits plan under this Act such information as may be necessary to enable such employee or annuitant to exercise an informed choice among the types of plans referred to in section 4. Such regulations shail also provide for the issuance to each employee and annuitant enrolled in such a health benefits pian ex-can appropriate certificate setting forth the services or benefits to which the employee or annuitant, or the employee or annuitant and members of his family, are entitled thereunder, the person or persons to whom monetary benefits shall be payable, the procedure for submitting claims, and the principal provisions, or summaries thereof, of the pian affecting the employee or annuitant or members of his

STUDIES BY COMMISSION

SEC. 11. (a) The Commission shall make a continuing study of the operation and administration of this Act, including surveys and reports on health benefits plans available to employees and annuitants and on the experience of such plans, with respect to such matters as gross and net costs, administrative costs, benefits claimed and provided, utilization of benefits, the extent to which the economic use of benefits herein provided is assured, and the portion of the actual personal expenditures of Federal employees and annuitants for health care which is being met by prepaid benefits.

The Commission shall include provisions in contracts with carriers which would require carriers to (1) furnish such reasonable reports as the Commission determines to be necessary for the satisfactory completion of the studies enumerated in subsection (a) with respect to gross and net costs, administrative costs, benefits claimed and provided, utilization of benefits, and (2) permit the Commission or its representatives and representatives of the General Accounting Office to examine such records of the carriers as may be necessary for verification of the information contained in the carrier's reports.

(c) Employing agencies shall keep such records and furnish the Commission with such information and reports as may be necessary to enable it to carry out its functions under this Act.

ADVISORY COUNCIL

SEC. 12. (a) There is hereby established a Federal Empioyees Health Benefits Advisory Council which shall consist of the following:

(1) the Secretary of Labor; (2) the Director of the Bureau of the Budget;

(3) the Surgeon General of the Pub-

iic Health Service;
(4) the Chief of the Bureau of Medicine and Surgery of the Veterans' Administration:

(5) one member to be appointed by the President who shall be representative of the public;

(6) three members to be appointed by the President from among representa-tives of national employee organizations:

(7) three members to be appointed by the President who shall be representative of university schools of medicine, hospital administration, and public heaith, respectively.

The Advisory Council shall select a Chairman and a Vice Chairman from among its members. Each member of the Advisory Council referred to in clauses (1) to (4), inclusive, may designate an alternate to tend meetings and participate in activities of the Advisory Council in the place of such member. Members of the Advisory Council referred to in clauses (5) to (7), inclusive, shall be appointed for terms of three years.

(b) It shall be the duty of the Advisory Council (1) to make studies from time to time of the operation and administration of this Act, (2) to receive reports and information with respect thereto from the Commission, carriers, and employees and their representatives, (3) to ascertain from time to time the status of the Fcdcral Employees Health Benefits Fund, including the estabilshment and maintenance of any balances or reserves, (4) to consuit with and advise the Commission in regard to the administration of this Act, and (5) to make recommendations with respect to the amendment of this Act or improvements in its administration. No contract shall be awarded, renewed, or terminated and no regulation shali be promulgated, for the purpose of carrying out this Act, unless copies of pro-posed drafts thereof shall have been furnished to the Advisory Council.

(c) Members of the Council referred to in clauses (5) to (7), Inclusive, who are not otherwise In the employ of the United States shall be entitled while attending meetlngs of the Advisory Council, including travel time, to receive compensation at a rate to be fixed by the Commission, but not exceeding \$50 per diem, and while away from their homes or regular places of business they may be allowed travel expenses, including per diem in lieu of subsistence, as authorized by law (5 U.S.C. 73b-2) for persons in the Government service employed Intermittently.

(d) The Advisory Council shall be convened by the Commission within thirty days after the members referred to in clauses (5) to (7) have been appointed, and thereafter shall meet not less often than quarterly, on call of the Commission or on request of any three members of the Advisory Council.

BUREAU OF RETIREMENT AND INSURANCE

SEC. 13. There is hereby established in the Civil Service Commission a Bureau of Retirement and Insurance, which shall perform such of the functions and duties of the Commission with respect to retlrement, life insurance, and health benefits programs as the Commission shall prescribe. The Bureau shall be headed by a Director. Except as provided in the second and third sentences of the last paragraph of the first sentences of the last paragraph of the first section of the Act of January 16, 1883, the Director shall be responsible only to the Chalrman of the Commission with respect to the matters transferred to the Chairman by the provisions of section 2(a)(2) to 2(a) (6), inclusive, of Reorganization Plan Numbered 5 of 1919. The position of Dinumbered 5 of 1919. The position of Director shall be placed in grade 18 of the general schedule of the Classification Act of 1949, as amended. Such position shall be in addition to the number of positions otherwise authorized by law to be placed in such grade.

JURISDICTION OF COURTS

SEC. 14. The district courts of the United States shall have original jurisdiction, concurrent with the Court of Claims, of any civil action or claim against the United States founded upon this Act.

REPORTS TO CONGRESS

Sec. 15. The Commission shall transmit to the Congress annually a report concerning the operation of this Act.

EFFECTIVE DATE

SEC. 16. (a) The Commission shall transmit to the Committee on Post Office and Civil Service of the Senate and the Committee on Post Office and Civil Service of the House of Representatives not later than May 1, 1960, copies of any contracts proposed to be entered into, policies proposed to be purchased, and regulations proposed to be promulgated, for the purpose of placing into operation health benefits plans under this Act.

(b) The provisions of this Act relating to the enrollment of employees and annuitants in health benefits plans and the withholding and payment of contributions shall take effect on the first day of the first pay period which begins on or after July 1, 1960.

Mr. JOHNSON of Texas. Mr. President, I have conferred with the ranking minority member, the minority leader, and the chairman of the committee, and I assume it is also agreeable to the coauthor of the bill, the Senator from Oregon [Mr. Neuberger], to have a time limitation on debate on the bill. I therefore send to the desk a proposed order, and ask that it be read.

The PRESIDING OFFICER. The proposed order will be read.

The legislative clerk read as follows:

Ordered, That, effective immediately during the further consideration of the bill (S.

2162), to provide a health benefits program for Government employees, debate on any amendment, motion, or appeal, except a motion to lay on the table, shall be limited to 30 minutes, to be equally divided and controlled by the mover of any such amendment or motion and the majority leader: Provided, That in the event the majority leader is in favor of any such amendment or motion, the time in opposition thereto shall be controlled by the minority leader or some Senator designated by him: Provided further, That no amendment that is not germane to the provisions of the said bill shall be received.

Ordered further, That on the question of the final passage of the said bill debate shall be limited to 2 hours, to be equally divided and controlled, respectively, by the majority and minority leaders: Provided, That the said leaders, or either of them, may, from the time under their control on the passage of the said bill, allot additional time to any Senator during the consideration of any amendment, motion, or appeal.

The PRESIDING OFFICER. Is there objection to the proposed unanimousconsent agreement? The Chair hears none, and the order is entered.

Mr. JOHNSON of Texas. Mr. President, I announce that following the disposition of the pending bill it is planned to consider later today a bill from the Committee on Labor and Public Welfare, the so-called veterans' readjustment bill, Calendar 511, Senate bill 1138, reported by the Senator from Texas [Mr. Yarborough]. Other proposed legislation may come before the Senate. It may be necessary for the Senate to remain in session a little late, if there is to be any hope of completing the program, so that a session tomorrow may be avoided.

Mr. JOHNSTON of South Carolina obtained the floor.

The PRESIDING OFFICER. How much time does the Senator yield himself?

Mr. JOHNSTON of South Carolina. I yield myself 10 minutes.

Mr. President, the bill under consideration is the product of over 10 years of legislative effort. The first bill to provide a health insurance program for Federal employees was introduced in 1947. Previous efforts have failed because of deep-rooted disagreements between and among insurance companies, Blue Cross-Blue Shield, those providing medical services and hospital facilities and even employee groups themselves.

In light of this past decade of disagreement, it gives me a great deal of pleasure to report that past differences have been reconciled and that the bill now before us has the endorsement of the American Medical Association, the American Hospital Association, the insurance industry, Blue Cross and Blue Shield, group practice plans, Federal employee unions.

General agreement on the bill was not accomplished easily or overnight. The Subcommittee on Health Insurance of the Senate Post Office and Civil Service Committee, under the chairmanship of the junior Senator from Oregon [Mr. Neuberger] held 6 days of public hearings and uncounted days in conference with interested groups. Problems were many and complex.

However, the subcommittee through dedication to duty and devotion to the

subject at hand, overcame all major obstacles, thus, we have before us a bill good in purpose and generally satisfactory to all concerned.

STATEMENT

Mr. President, it has been common practice for many years for private industry to assist its employees in obtaining benefits of group health insurance programs. The Federal Government has not kept up with industry in this respect.

Today, prepaid health benefits are available to almost 125 million persons in this country. More than one-half the Nation's hospital and an equally sizable proportion of the Nation's bill for medical services are paid for through such programs through the cooperation of the large corporations in the United States. More than three-fourths of those covered by such programs are enrolled in group plans under the sponsorship and in most instances with participation of the employer. The bill under consideration does for Federal employees no more than is being done for millions of private employees.

THE PROGRAM

The bill proposes an equal division of cost between Government and the employees. The total cost of the bill will be determined by the administering agency's prudence in arriving at contracts with the carriers that will give maximum benefits with a minimum of cost.

The bill will give employees a choice of between two or possibly three plans, whichever might be best suited to the employee's individual needs.

The bill provides a broad framework within which the Civil Service Commission can develop specific contracts for benefits.

Employees in the executive, judicial, and legislative branches of the Federal Government would be eligible to enroll for themselves and members of their families, including children up to age

PROPOSED AMENDMENTS

Mr. President, this is one of the most complex matters with which the Committee on Post Office and Civil Service has dealt in many years. The bill is like a finely tooled watch, one part being geared to each other part. The bill is not susceptible to tinkering and tampering without doing damage to the smooth working of other provisions.

I point out that the terms of the bill have been shaped and modified in many respects by the wishes of the administration. Only a few differences still remain, but these were not considered important by the committee and the bill could not now be modified to fulfill completely the wishes of the administration without hurting the entire program.

I hope there will be no serious effort made to modify the bill and I understand there will not be. I do not believe this can be done without jeopardizing the overall effectiveness and desirability of the program.

CONCLUSION

Mr. President, I would not wish to close without complimenting the distinguished junior Senator from Oregon [Mr. Neuberger] for his service as

chairman of the subcommittee which handled this proposal. Serving on the subcommittee with him were Senators YARBOROUGH, JORDAN, CARLSON, and MOR-TON. They all performed valuable serv-

The members of the subcommittee served with great distinction, and are entitled to the everlasting thanks of Federal employees everywhere for their efforts in helping to bring this worthy piece of legislation before us today. When the bill is enacted into public law, it will stand as a lasting tribute and monument to each of them. So I commend them very highly at this time.

Mr. President, I yield 10 minutes to

the Senator from Oregon.

Mr. NEUBERGER. I thank the distinguished chairman of the Senate Committee on Post Office and Civil Service for his very generous and kind ob-servations about me and the colleagues with whom I have been privileged to work on the subcommittee.

Mr. President, as chairman of the Insurance and Health Subcommittee of the Committee on Post Office and Civil Service, which developed through lengthy hearings and conferences S. 2162, the health benefits bill, I am indeed pleased by the prompt scheduling of this bill that is now before the Sen-

Our bill provides for a system of voluntary health coverage for Federal employees and their dependents. A free choice of plans is made available to Government employees. These plans are: service type plan such as offered by Blue Cross-Blue Shield: indemnity type plan offered by the insurance industry; group practice type plan such as offered by Group Health Association here in Washington and the Kaiser Foundation health plan on the west coast; and national employee plan offered by national employee unions.

Unlike previous bills in this field, S. 2162, has the endorsement of the American Medical Association, the American Hospital Association, Blue Cross-Blue Shield, Federal employee unions and

group practice plans.

Our bill provides for withholding by the Government from employees' salaries and annuity checks, this money to be matched equally by the Government. The individual Government employee or annuitant, under the terms of the bill, pays \$1.75 biweekly, whereas a Government employee and family would pay \$4.25 biweekly.

One of the points of disagreement between the administration and our committee has been the employee share of the cost of the program. The administration has held out for employees paying two-thirds of the cost of the health coverage. Wisely, the committee rejected this view and adopted the plan prevalent generaly in private industry where the costs are equally shared.

While the health coverage provided by the bill does not take effect until July 1, 1960, it is essential that this legislation be passed this year by Congress. The Civil Service Commission must engage in extensive negotiations with health carriers, establish standards and draw up regulations. Finally, each Federal employee must be given an opportunity to make an election as to the type of plan in which he desires to participate prior to July 1, 1960.

Mr. President, health coverage for more than 2 million Government employees and their several million dependents is a complicated and complex issue. We have tried to work out a bill as practicable and workable and as near perfect as possible. As chairman of the Insurance Subcommittee, further legislation in following years may well be necessary to perfect our bill.

Regretfully, I must report that this bill does not cover presently retired Federal employees. The administration has argued that, costwise, coverage should not be granted to this group since this older age group might well cost a prohibitive amount. This group of loval retired Federal employees has not been forgotten by me, and it is my hope that they will be covered starting July 1, 1960, the same as active employees. Legislation to provide coverage will soon be before the Senate.

As one who himself has suffered from a severe illness, I know how much health protection can mean to Federal employees and their families. Private industry has long had health coverage plans for its employees and it is time that the Federal Government, the Nation's largest employer, provide equal benefits in this respect.

Mr. President, I express my gratitude to the distinguished chairman of the Post Office and Civil Service Committee [Mr. Johnston], the members of the committee staff, the staff of the Civil Service Commission, the Bureau of the Budget, representatives of Blue Cross-Blue Shield, the insurance industry, and Federal employee groups who have participated cooperatively in drawing up the bill.

Mr. President, the distinguished junior Senator from Kansas [Mr. CARLSON] is the ranking minority member of the Committee on Post Office and Civil Service, and also serves as a member of our subcommittee. I desire to tell him how deeply we have appreciated his cooperation and that of the other minority members of the subcommittee. I doubt that it would have been possible to bring before the Senate at this session, in 1959. a bill so complex and technical as this one had it not been for the very thorough understanding between the majority and the minority members of the subcommittee.

I know that the Senator from Kansas shares the view of the Senator from South Carolina [Mr. Johnston] and myself that the Federal Government has long lagged behind many enlightened private employers in the Nation in providing health protection to its employees. The bill represents a monumental, epochal milestone in that respect. I desire to thank not only the chairman of the committee, but also the ranking minority member of the committee for their very full cooperation.

Mr. CARLSON. Mr. President, I pay tribute to the distinguished junior Senator from Oregon [Mr. NEUBERGER] for the splendid leadership he has afforded in connection with the bill. It has been

a difficult measure to write. The Senator from Oregon, who is chairman of the subcommittee, and also the members of the staff of the committee, are entitled to much credit for the preparation of the bill which is being considered by the Senate today. It is one of the most complicated pieces of proposed legislation with which I have had anything to do, so far as its preparation and presentation to the Senate are concerned. It is difficult to explain some of the details and how certain provisions will actually work.

I commend the Senator from Oregon. The Federal employees of the Nation owe him a great debt of gratitude for the work he has done.

Mr. NEUBERGER. I thank the Senator from Kansas for his characteristically generous remarks.

Mr. YARBOROUGH. Mr. President, will the Senator from Oregon yield?

Mr. NEUBERGER. I yield.

Mr. YARBOROUGH. I commend the distinguished Senator from South Carolina [Mr. Johnston], the chairman of the committee, and the distinguished Senator from Oregon [Mr. Neuberger]. chairman of the subcommittee, for the work they have done on this measure, for the support they have given it, and for having introduced similar bills in the past sessions, and for all they have done, not merely in this session, but year after year, which has resulted in the Senate having before it the bill which we hope will shortly be passed.

I believe that 80 million or 90 million employees in America are covered by health insurance plans of one kind or

another.

Federal Government, should have set the pace for all industry and for the States and cities, has lagged behind. The plan to let Federal employees get the type of protection which the employees of some of the more populous States and cities are now getting represents a long desired Government reform.

The leaders of the committee and the subcommittee, aided by other members of the committee and also other Members of the Senate, have given us an example of quiet, constructive work. We have not heard much about this bill during this sesssion. But it has been quiet, constructive work, which will redound to the benefit of several million Federal employees. It will assure the Government of their more efficient service. It will increase the effi-ciency of the U.S. Government and be of benefit to all the people of the United States.

I congratulate all those who have made the bill possible. I am proud to have had the privilege of serving on the subcommittee, and am delighted with the progress which we have made in

proposing this kind of legislation.

Mr. NEUBERGER. The distinguished junior Senator from Texas is one of the most valuable members of our subcommittee. I thank him for the very constructive suggestions which he has made.

Mr. President, we owe a debt of gratitude to the representatives of the various Federal employee organizations. When this effort began and hearings

were commenced, it was their hope that the bill finally passed would provide that two-thirds of the cost would be borne by the Federal Government and one-third by the employees. I think the employee organizations have been very wise in relinquishing that position, in abandoning it, and in agreeing to a sound compromise for a 50–50 sharing of the cost. I think that by making that wise compromise, they have made a valuable and important contribution toward the ultimate passage of this kind of legislation to provide health benefits to Federal employees.

Mr. GRUENING. Mr. President, will the Senator from South Carolina yield

ine 2 minutes?

Mr. JOHNSTON of South Carolina. I yield 2 minutes to the Senator from Alaska.

Mr. GRUENING. Mr. President, I am glad to support S. 2162, the bill to provide health benefits for Government employees. This is the kind of enlightened, useful, progressive, compassionate legislation which has long been needed. The members of the committee who worked for it so long and who brought it into being arc to be warmly congratulated. In particular, I extend congratulations to the junior Senator from Oregon, who has conducted the hearings on this bill, and who has always shown great concern for what are sometimes referred to as the "little people," although I do not like that term. I think we do not have, or should not have, any "little people" in America. I consider that they are all as big as any of us are, as all other Americans. But they are sometimes referred to as such—the people who work humbly and perhaps obscurely in the ranks with little fanfare or display, just serving, and are not always remembered. Some of them are, at times, the forgotten people, for whom Franklin Delano Roosevelt cared so much and to whom he referred on various occasions, sponsoring long-overdue legislation in their behalf, from which the entire Nation has so greatly benefited.

This bill does for the employees of Uncle Sam in the field of health what has been done by some enlightened private industries. The cost of illness can and often does impose ruinous financial burdens. This bill will mitigate this for the Federal worker and his family.

I think the entire committee is to be commended, starting with the chairman of the full committee, the Senator from South Carolina [Mr. Johnston], the chairman of the subcommittee, the Senator from Oregon [Mr. Neuberger], and the other members of the subcommittee, the Senator from Texas, [Mr. Yarbor-ough], with whose remarks made just now I completely associate myself; the Senator from North Carolina [Mr. Jor-dan], the Senator from Kansas [Mr. Carlson], and the Senator from Kentucky [Mr. Morton].

Alaska has a great many Federal employees. Their number will now diminish because some of their functions will be taken over by the State. Still, a large number of Federal employees will remain. I have worked with them for many years. In fact I was one of them

as the federally appointed Governor of Alaska. They are a faithful, devoted group. They are entitled to the benefits which the bill will provide, and of which they will pay their just share. They will henceforth, if they choose, be protected against the high costs of prolonged medical or surgical care.

I share the opinion expressed by the junior Senator from Oregon that it was the height of wisdom to provide for equal sharing of costs between the Government and the employees, and not to impose a heavier proportionate burden on either the Government or the employees.

I urge that the bill be enacted without amendments.

Mr. CLARK. Mr. President, will the Senator from South Carolina yield me 2 minutes?

Mr. JOHNSTON of South Carolina. I yield 2 minutes to the Senator from Pennsylvania.

Mr. CLARK. Mr. President, as a member of the Committee on Post Office and Civil Service, I urge the passage of the bill in the form in which it was

reported by the committee.

I commend the distinguished Senator from South Carolina [Mr. Johnston], chairman of the committee, and the industrious, hard-working chairman of the subcommittee, the Senator from Oregon [Mr. Neuberger], for the splendid work they have rone in bringing order out of a very difficult, chaotic field. There is no need for me to detail the provisions of the bill or the reasons why its passage is most desirable. Those who have preceded me have done that.

The report of the committee is in itself a very clear statement of the need for this type of legislation. Sometimes I believe the American people tend to think of their Government employees as second-class citizens. The status of employment in Government—indeed, the status of elected officials in our country—is certainly well below that which it should be, if the profession of public service is going to be able to recruit, train, and hold the high caliber ability which will be badly needed in the years ahead, as indeed it has been needed for many years past.

Not to give the Federal employees the same kind of health insurance opportunities and health benefits which are available in the best plans for private employees is, in my judgment, both unsound from the point of view of national justice and unwise in terms of making certain that the Government has an opportunity to recruit a very high level of Federal employees.

I am happy to endorse the provisions of the bill. I hope it will shortly pass.
I thank the Senator from South Carolina.

Mr. JOHNSTON of South Carolina. I appreciate the statement made by the Senator from Pennsylvania

Senator from Pennsylvania, Mr. RANDOLPH. Mr. President, will the Senator from South Carolina yield to me?

Mr. JOHNSTON of South Carolina. I yield 3 minutes to the Senator from West Virginia..

Mr. RANDOLPH. Mr. President, I am appreciative of the courtesy of the dis-

tinguished chairman in giving me an opportunity to present a brief observation on Senate bill 2162.

Certainly the bill is a meritorious one. I hope it is not inappropriate to say that when a member of the Civil Service Committee, in the House of Representatives, I introduced legislation to provide for health programs for Government employees. That bill, H.R. 2716 (Public Law 658), was introduced in the 1st session of the 79th Congress and unanimously reported by the committee. During House debate, I stated:

The passage of this resolution will reduce the turnover and absenteeism in the Federal Government. It will therefore produce more efficiency and productivity by employees. It will reduce administrative recruiting costs and make it possible to get work done with fewer employees. * * * The type of program which we would carry forward here would make that person a better employee and keep him on the job more days per week and per month and ultimately lessen the cost of the Federal structure.

These remarks are as timely now as they were in 1945. Senators who were then Members of the House and supported the measure included Majority Leader Johnson, Senators Sparkman, Jackson, Engle, Kefauver, Mansfield, Martin, Monroney, and Robertson.

Mr. President, it was a privilege to have sponsored the first overall Federal employees health program. The services provided treatment of minor illnesses, health examinations, and health education. These were significant steps forward in the emphasis of health consciousness.

The bill now being considered will provide greatly expanded services comparable to those available to other large employee groups. It has the endorsement of the American Medical Association, the American Hospital Association, Federal employee unions and the insurance industry.

There has never been a time in the history of our Government that our progress and in fact, survival, depended more heavily upon the intelligence, the creativeness and the physical well-being of its workers in the Federal Service. It is an obligation and responsibility to provide the best health services available for these employees.

It has been too widespread a practice, at least in some quarters, to deprecate the services rendered by the employees of the Federal Government. I believe we can ill afford to speak slightingly of the services rendered the citizens of the country by the capable and consecrated men and women who are employed by the Federal agencies.

So, insofar as possible—as has been indicated by the distinguished Senator from Oregon [Mr. Neuberger] and the able Senator from Pennsylvania [Mr. Clark], as well as by the eminent chairman of the committee [Mr. Johnston of South Carolina]—the Congress should provide facilities and opportunities for health programs and insurance benefits for the workers within the Federal structure, so as to enable them to make, in connection with the performance of

their duties, further contributions to the well-being of the Nation.

Such a program as we envisage here would bring this type of coverage on a level commensurate with the accepted practices in private industry.

This measure is timely and its provisions are forward looking and in the

national interest.

Mr. CARLSON. Mr. President, I yield 2 minutes to the Senator from New York [Mr. Javits].

The PRESIDING OFFICER. The Senator from New York is recognized for 2 minutes.

Mr. JAVITS. If thank the Senator

from Kansas for yielding to me.

Mr. President, first, I should like to state that I strongly favor enactment of the pending bill, which generally is based on the concept of doing justice to the employees of the Federal Government, by means of helping them secure the advantages of health benefit plans available to those in private employment. So I am delighted that the committee has reported the bill, and I strongly support it.

In connection with our consideration of this measure, let me state that in New York, which probably has more Federal Government employees than any other area in the Nation except the District of Columbia, there are organizations such as Group Health Insurance, a nonprofit doctors' plan, and the Health Insurance Plan, to which a great many of the State and municipal employees belong. Those plans provide somewhat more comprehensive benefits than those provided under other plans, although the more comprehensive benefits may require somewhat higher premiums than those contemplated in connection with the pending bill.

I understand that representatives of those organizations have been in conference with the members of the committee, primarily with the Senator from Oregon [Mr. Neuberger]; and I understand that they do not seek to propose an amendment to the bill, but they wish to have their point of view expressed on the record.

So I should like to ask the chairman of the committee [Mr. Johnston of South Carolinal and the chairman of the subcommittee [Mr. NEUBERGER], to whom all of us are very grateful for having reported the bill, whether it is feasible in connection with the bill to give consideration to the provision of benefits similar to those provided by the more comprehensive plans such as the GHI and the HIP and perhaps others which are used in other major industrial areas of the country. I realize that such plans may cost a little more; but I also realize that the employees might be willing to contribute a little more, assuming that they received greater benefits—which I think would be quite proper from the U.S. Government.

Mr. JOHNSTON of South Carolina. Mr. President, in reply, I should like to state that it is my belief, and I think it is that of the chairman of the subcommitee [Mr. Neuberger], that the maximum premiums provided in the bill

will accommodate the program to conditions in New York City to which the Senator from New York has referred.

Mr. JAVITS. Suppose they do not. In that event, would the leaders in connection with the handling of this matter in the Senate take an open-minded attitude in regard to it?

The PRESIDING OFFICER. The 2 minutes yielded to the Senator from New

York have expired.

Mr. JAVITS. Mr. President, will the Senator from Kansas yield an additional minute to me?

Mr. CARLSON. I yield 1 additional minute to the Senator from New York.
The PRESIDING OFFICER. The Sen-

ator from New York is recognized for

1 more minute.

Mr. JOHNSTON of South Carolina. In reply to the question, let me state that I believe we would, if that proved to be necessary. But I do not believe that will prove to be the case.

Mr. JAVITS. On that point, I should like to hear the view of the chairman of

the subcommittee.

Mr. NEUBERGER. I have been given to understand by the committee staff that the premiums now called for by the bill will take care of the excellent programs the Senator from New York has described in the city of New York and in the State of New York. If they do not take care of them, then, certainly—speaking for myself, alone—I shall have an open mind when we go to conference on this measure.

But I wish to state—and I know that the Senator from New York shares this view—that the premiums must not be too high. The average Federal Government employee does not receive a very substantial annual income; and if the premiums are too high, participation by the Federal Government employees will be discouraged.

On the other hand, I certainly take an openminded position in regard to this matter; and when we go to conference, I know that the chairman of the committee and I and the other conferees certainly will try to take the fairest and most equitable attitude possible in regard to the situation and the problem referred to by the able Senator from New York.

Mr. JAVITS. I thank the Senator from Oregon.

The PRESIDING OFFICER. The additional time yielded to the Senator from New York has expired.

Mr. JAVITS. Mr. President, will the Senator from Kansas yield 1 additional minute to me?

Mr. CARLSON. I yield 1 additional minute to the Senator from New York. The PRESIDING OFFICER. The Senator from New York is recognized

for 1 additional minute.

Mr. JAVITS. I note on page 7 of the report that action has been deferred by the committee on the question of including already retired Federal employees and their dependents in the program contemplated by Senate bill 2162, and that the committee intends to study this matter independently. Has this study as yet been scheduled? Is it contemplated that proposed legislation will be

the result of the study, or that a report on the findings will be submitted to the Senate?

I should like to add, Mr. President, that in the statement which I had submitted to the committee, I urged the inclusion of already retired Federal employees in a Government employee health program. I am aware of some of the technical difficulties with which the committee was faced in connection with including such retired employees in the program under this bill. I trust that the committee will give favorable consideration to this proposal, during the studies which it contemplates making.

So I ask the chairman of the committee whether the study has been scheduled, and whether it is contemplated that proposed legislation resulting from the study will be submitted to the Senate.

Mr. JOHNSTON of South Carolina. The study is underway at the present time.

Mr. JAVITS, I thank the Senator from South Carolina,

Mr. SMATHERS.* Mr. President— Mr. JOHNSTON of South Carolina. I yield 2 minutes to the Senator from Florida.

Mr. SMATHERS. Mr. President, first, I should like to join the able chairman of the Committee on Post Office and Civil Service [Mr. Johnston of South Carolina] and the able chairman of the subcommittee [Mr. Neuberger] in giving my endorsement to the bill as it has been reported to the Senate.

Personally, I feel—as does almost everyone else—that the bill is a good one, and has long been needed.

I should like to ask a question somewhat similar to that asked by the able Senator from New York, in regard to covering the health and accident needs of retired Federal employees.

As the able Senator from South Carolina knows, a very large number of such persons make Florida their residence, and we are delighted to have them there. I can say from my own, firsthand knowledge of them and of their situation that today they are suffering from a great lack of income; and when they become ill, their present pensions are not sufficient to cover the very large hospital and medical bills they incur,

I understand the Senator from South Carolina proposes to hold hearings on this matter. What may we expect in that field?

Mr. JOHNSTON of South Carolina. We are now working on that subject. It relates to a field on which we do not have the information we desire to have in order that we may act intelligently along that line. The Senator from Florida can well understand that in view of the age of the persons concerned, such a program would impose a large burden.

So we believe we should obtain further information on that subject. But we believe very strongly that some action in that field should be taken.

Mr. SMATHERS. I thank the able Senator from South Carolina. I know he has long demonstrated his great interest in the problems of the retired Federal Government employees, and I know he has a great concern for them. When he states that the committee will do something about that problem, I know that all these people in Florida and elsewhere will take comfort in the knowledge that something in that field will soon be done.

Mr. NEUBERGER. Mr. President, will the Senator yield me 1 minute?

Mr. JOHNSTON of South Carolina. I yield 1 minute to the Senator from Oregon.

The PRESIDING OFFICER. The Senator from Oregon is recognized for 1 minute.

Mr. NEUBERGER. I wish to say, for the information of the distinguished Senator from Florida, that we in the committee were well aware of the problem he mentioned. The Senator from South Carolina [Mr. Johnston] raised it. The Senator from Oklahoma [Mr. Monroney] brought it up very vividly and forcefully. The retirees were in the minds of all of us. First, the administration opposed including retirees in the bill from the standpoint of including a substantial number of people who were in the age bracket in which major medical costs unfortunately occur. Also, as the Senator from South Carolina has pointed out, we did not have the documentation to make anything like an accurate and fair computation of premiums and costs. Therefore, at the present time we are having legislation drafted directing the Civil Service Commission to prepare a fair and comprehensive program of health protection for presently retired Federal employees. We expect to have that proposed legislation ready for introduction sometime next week or the week thereafter. We would be happy and privileged indeed to have the Senator from Florida as our co-

Mr. SMATHERS. I thank the Senator for his remarks. I would indeed be privileged if they permitted me to join with them as a cosponsor of the proposed legislation.

Mr. NEUBERGER. It would be our honor.

Mr. CARLSON. Mr. President, I yield myself 2 minutes.

The PRESIDING OFFICER. The Senator from Kansas is recognized for 2 minutes.

Mr. CARLSON. I do so for the purpose of entering into the discussion with regard to a health insurance program for retired Federal employees. This subject was in the minds of the members of the subcommittee and the full committee. I was glad to hear the statement that studies are being made, and I am hopeful something can be worked out in the future.

I have a letter which well expresses the view of some of the retired civil employees of the Government. The letter came from Salina, Kans., and reads as follows:

NATIONAL ASSOCIATION OF RETIRED

CIVIL EMPLOYEES, CHAPTER NO. 280, Salina, Kans., July 12, 1959. Senator Frank Carlson,

Senator Frank Carlson, Senate Office Building, Washington, D.C.

DEAR SENATOR: In the interest of the group which I represent, I wish to call your kind

attention to S. 2162 which was introduced into the Senate, June 12, and provides for Federal Emplyees' Health Insurance, but discriminates against those already retired, by dealing a blow to all health insurance which they now possess.

We appreciate this jesture by Congress, in attempting to provide health insurance for future retirees. We do not expect free coverage, we expect to pay our way. Most of us now, are covered with health insurance by companies which depend on future retirees for new members, which is their life blood. You can very well see, that these companies will be compelled to abandon us if this bill passes in its present form.

I am aware that it has been suggested, that Congress will pass a separate law to take care of those already retired. That will take much time and this much needed legislation will be delayed and threatened with disaster. A number of large business concerns have provided equal benefits to their already retired and future retirees. The State of New York, has adopted a health-hospital program and very appropriately included present retirees. The Dominion of Canada has done likewise. These private companies and legislators of New York State and Canada did not turn their backs to their senior citizens.

I wish to respectfully thank you for your kind interest which you have shown in the past, and with warmest personal regards, I am.

Sincerely yours,

CHAS. H. HINKSON.

Mr. President, I yield 15 minutes to the distinguished Senator from Kentucky [Mr. Morton].

The PRESIDING OFFICER. The Senator from Kentucky is recognized for 15 minutes.

Mr. MORTON. Mr. President, I believe that nearly all the Members of this body will agree that it is necessary and desirable to provide contributory group health insurance for Federal employees. I for one am thoroughly convinced of the need. A subcommittee on which I had the honor to serve, headed by my able and respected friend the Senator from Oregon [Mr. Neuberger], held very full hearings on this subject commencing on April 15. The record of these hearings leaves no doubt that legislation providing contributory health insurance should be enacted.

I think it will be illuminating to consider briefly the position of health benefits in the larger framework of all the fringe benefits which go with working for the Federal Government. These numerous fringe benefits, in Government as in private enterprise, have grown in the past few years to constitute a very substantial percentage of total payroll. For the Federal Government this was estimated, in a Cordiner Committee study of two or three years ago, to be 27 percent, which exceeds that of most of private industry.

1. RETIREMENT

Benefits payable under the Civil Service Retirement Act are perhaps the most highly valued of any in the total Federal employee benefits package. The concern which the Government as employer has shown for its employees has in this program resulted in a retirement system which is notable among all pension plans, private and public, for the comprehensiveness of its coverage and the level of its berefits.

Generally speaking, to illustrate, an employee who retires after 27 years of service will receive half pay. This rises to two-thirds pay after 35 years, and hits the 80 percent maximum with 41 years and 11 months of service.

A young employee whose career is interrupted by disability after 5 years or more of service is guaranteed at least 40

percent of his average pay.

The widow, or dependent widower, of an employee who dies in service or after retirement, receives half of the annuity which the employee had earned, and each child receives, in addition, \$50 a month.

More than 400,000 retired employees and survivors are currently receiving annuity benefits from the retirement system.

2. SICK LEAVE

The earliest form of health insurance available by purchase from insurance companies—and this goes back to the 19th century—was loss-of-income benefits. This kind of insurance is still sold today, and many private employers provide at for their employees. Typically, the benefits are payable for a limited number of days or weeks and cover up to a half or two-thirds of the pay which the employee would receive if he were on the job.

By contrast, the Federal Government's sick leave benefits are extremely generous. Whereas loss-of-income benefits do not normally pick up until after several days of illness, sick leave starts immediately and may be charged in units as small as one hour. Sick leave is at full pay, not part pay. And sick leave not used may, by law, be accumulated indefinitely. Some employees now have 1,500 hours of sick leave accumulated. which comes to more than 37 weeks, or nearly 9 months. In addition, employees may be advanced sick leave and use annual leave to cover periods when they are unable to work because of illness. It is quite possible for a sick employee to be away from his job as long as a whole year on full pay.

3. ANNUAL LEAVE

The Federal Government's grant of annual leave is also generous. Vacation with pay is becoming increasingly common for hourly employees in private enterprise, and has been provided white collar employees for a much longer time. Annual leave, which is a combination of vacation leave and leave for personal business, is, and for many years has been, a universal grant to most fulltime Federal employees. And the amount of leave granted is generous. Employees in private industry commonly receive 2 weeks, occasionally 3, rarely 4 or more of paid vacation. Although annual leave is not strictly comparable, because it includes leave for personal business, the newest Federal employee starts earning it at the rate of 2 weeks and 3 days a year, and the annual leave moves up to 4 weeks after 3 years of service, and up to 5 weeks and a day after 15 years of service.

4. LIFE INSURANCE

The Federal employees' group life insurance program is the largest single-employer group life insurance program

in the world. During fiscal year 1959 alone, more than 13,000 claims were paid, totalling some \$73 million. Each Federal employee who participates in the program has life insurance for an amount approximately his annual salary, in addition to double indemnity for accidental death, and ample protection against the accidental loss of a hand or foot or eyesight. He contributes twothirds of the cost, and the Government one-third. More than 95 percent of eligible employees have chosen to be insured, and the amount of insurance now in force totals \$12 billion.

5. EMPLOYEES' COMPENSATION

Federal employees are protected against the financial burdens of jobconnected illness and injury. The provisions of the Federal Employees' Compensation Act are fully as generous as, and in some cases much more generous than, similar State laws covering employees in private enterprise.

6. UNEMPLOYMENT COMPENSATION

Federal employees receive the same unemployment compensation benefits as do employees outside the Government. Each Federal employee is covered by the provisions of the law of the State in which he is employed.

7. OTHER BENEFITS

In addition to the foregoing, Federal employees receive pay for holidays and for work in excess of the scheduled tour of duty, and may receive cash awards for outstanding performance of duty, for special acts, and for adopted suggestions.

I have described in some detail the major benefits which Federal employees now enjoy because I think it is important for this body to consider the matter of health insurance legislation in context and in perspective. As I have said earlier, I believe that most Members of the Senate will favor the enactment of legislation on this subject, and properly so. But it should be viewed as a part of the whole employee benefit package, not as something separate and self-contained.

The Cordiner Committee study I have already referred to indicated that the value of fringe benefits as a percentage of payroll in the Federal service is slightly greater than in private industry. This was, of course, exclusive of any health insurance program. Any Government contribution to health insurance for Federal employees will increase

the existing margin.

Despite this fact, the administration started, as far back as 1954, to recommend the enactment of legislation providing for health insurance. In the 5 years since then, it has sponsored four separate legislative measures which would have authorized a health insurance program. The administration still

favors such enactment today.

S. 2162, as reported to the Senate on July 2, is a bill which can be administered. It is in this respect a substantially better bill than S. 94 on which, hearings were held during the past spring. S. 2162 reflects the hard and thoughtful work which members of the committee, the committee staff, and

others have put into this complex subject. It could still, I think, be improved, as my colleague the Senator from Kansas and I have pointed out in the section of the committee report containing our individual views.

The single major deterrent to enactment of S. 2162 into law is that it is calculated to cost the Government upward of \$145 million a year. The committee staff has estimated an annual Government contribution of \$145,300,-000. But this does not include the additional amount which the Government would be required by the bill to appropriate annually to pay for a part of the cost of covering retired employees. The Civil Service Commission estimates, on the basis of the number of employees it expects will retire for each of the next 5 years, that this additional appropriation would amount to \$2,500,000 for the first year and would increase to \$25 million for the fifth year. These annually increasing sums, added to the \$145 million cost estimated by the committee staff, produce a figure greatly in excess of that which the administration has said it would feel justified in spending.

At least one plan has been suggested which would have cost an estimated total of \$243.500.000, of which the Government would have contributed onethird, or approximately \$80 million. Other comparably priced plans can be made available. Such plans would obviously not provide as generous a level of benefits as that which S. 2162 seems to contemplate. But they would provide entirely adequate benefit levels-levels which would compare favorably with the typical health insurance plans furnished by large, progressive private employers.

I recognize that S. 2162 provides for Government contributions and for employee contributions in maximum terms. Each is to contribute "not to exceed" \$1.75 biweekly for single employees and "not to exceed" \$4.25 biweekly for employees with dependents. It might well be said, therefore, that to keep the cost down the Civil Service Commission can enter into a contract or contracts which will require the Government and the employee each to contribute only 95 cents biweekly for single employees and \$2.30 biweekly for employees with dependents-it might well be said, in this case, that this is quite in accord with what the bill contemplates.

But this is not what the bill contemplates. The bill enumerates at considerable length and in great detail the benefits which are to be provided. The committee's report on the bill, in pages 9 through 13, elaborates still further on these benefits and makes it seem very clear that all the enumerated benefits will be offered employees. These are indeed generous. They include the full cost of 120 days in a hospital for all employees and annuitants, the full cost of surgical services for three-fourths of all employees and practically all annuitants, and many other benefits which, although they are not specified with such wealth of detail, the average employee could properly assume to be on the same generous scale.

With all the publicity which has been given and will in the future be given this bill, employees will be led to believe that they will receive this substantial array of all the enumerated benefits. Quite

naturally, they will expect them.

It would be altogether impossible to give employees the benefits which they are being led to expect at a contribution rate any less than the maximum called for in S. 2162. There is some doubt whether even these mavimum contribution rates will be sufficient to pay for the enumerated benefits. But, in any case, it is most misleading to promise big benefits on the one hand and to imply, on the other hand, that perhaps employees and the Government will not have to pay the maximum contribution rate. It will be simply impossible to keep the cost of the program within reasonable bounds and still provide the very generous benefits mentioned in the

Mr. President, it had been my intention to attempt to amend the bill. The effect of my amendment would have been to limit the Government's contribution so that its total obligation with respect to employees would be approximately \$80 million a year. This is a very generous contribution, especially when it is considered in the light of the other fringe benefits the Government already provides. It would have been sufficient to provide considerably better benefits than most employees are now able to obtain on their own, and at a cost which is approximately the same as, or in some cases less than, they now have to pay. At the same time, the amendment would not have put a limit on the employee's contribution so that those employees who might wish to enroll in more expensive plans, such as the group practice plans, could have done so and still gotten the same contribution from the Government.

After discussing the amendment with my colleagues on the committee, I have decided against offering it on the floor of the Senate. I hope that before the measure is finally enacted into law the points which I have developed will be given consideration.

Mr. LANGER. 'Mr. President, will the Senator yield?

Mr. MORTON. I yield.
Mr. LANGER. I wish to compliment the distinguished Senator from Kentucky for the very able address he has made in connection with the bill.

Mr. MORTON. I thank my colleague. Mr. LANGER. It is a far-reaching and thorough analysis. I think every Senator on the floor understands it.

Mr. President, the distinguished Senator from Kansas [Mr. CARLSON], the distinguished Senator from Kentucky [Mr. Morton], and I constitute the Republican minority on the subcommittee. We have been working very well with the Senator from South Carolina [Mr. JOHNSTON], the chairman of the committee. I think the Federal employees can be very happy indeed if the bill becomes a law, as the distinguished Senator has said.

I congratulate the Senator from Kentucky, as I congratulated the distinguished chairman of the committee, the Senator from South Carolina fMr. JOHNSTON], and the ranking Republican, the Senator from Kansas [Mr. CARLSON].

We have fought for this program for years and years and years, Mr. President. It looks as though we will finally realize, after all these years, what we have been fighting for. Again I thank my distinguished friend.

Mr. MORTON. I thank my able friend from North Dakota for his always generous remarks.

Mr. President, I reserve the remainder of my time.

Mr. JOHNSTON of South Carolina. Mr. President, along the same line the Senator from Kentucky [Mr. Morton] was discussing, I should like to have printed in the RECORD a statement explaining why I think it is correct for the Government to pay 50 percent of the cost and the employees to pay 50 percent.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

STATEMENT BY SENATOR JOHNSTON OF SOUTH CAROLINA

During the 6 days of hearings each and every one of the 54 witnesses were asked the specific question concerning the 50-50 divi-

In reply to a question from Senator Neu-BERGER, Mr. Roger Jones, Chairman of the Civil Service Commission, had this to say:

"On industrial plans, General Electric works this way: The individual pays twothirds with a one-tenth formula on the dependents so that it averages out about 50 percent. The steel industry has a 50-50 plan. The automobile industry has a 50-50 plan. The Du Pont plan is 100 percent for the individual with nothing for the dependent so you come, out with about 50-50. The New York State plan is 50 percent for the individual, 35 percent for the dependent or an average of 42 percent."

Continuing, Mr. Jones further said, "We are fully aware of the fact there is a strong and growing tendency to 50-50 sharing.

In reply to Senator Neuberger's direct question whether or not it would be unreasonable for the Government to at least consider a similiar ratio, Mr. Jones said, "Certainly not unreasonable to consider."

In reply to a similar question from Senator Neuberger, Mr. Lyons, Assistant Postmaster General for Personnel, said: "I can only answer that on a personal basis, yes."

Mr. Wheeless representing the Department of Defense replied to Senator Neuberger's question in this way: "I can only give a personal answer to that question. I think certainly that is a ratio that should be considered by the committee."

There is already in existence one Government program of payroll deduction plan which calls for 50 percent participation by the Government. I refer to page 243 of the printed hearings and the exchange between Senator Neuberger and Mr. Shelley of the Tennessee Valley Authority.

Senator Neuberger: "I was interested in your statement that the cost of the plan is borne 50 percent by TVA and 50 percent by the individual. Has that division proved to be satisfactory?"

Mr. Shelley: "Yes, that is about the percentage of participation that we find prevailing in our area and that is what we base

Mr. Willis representing the General Electric Co. had this to say: "The way we have it set up, Senator, we provide basically a level of benefits plan but we have tried to arrange it so that in the employee coverage we will pay approximately two-thirds, and he pays one-third. This varies slightly from year to year. In the dependent area where we feel quite strongly that the employee should be responsible for his own dependents, we pay, or try to pay at least the administrative costs, which is approximately 10 percent. Overall, these two come out to about 50-50 in the cost of the plan."

Now, these are but a few of the people representing both the administration and industry as a whole who testified that the appropriate and proper percentage should be on a 50-50 basis. S. 95 as originally introduced by me called for two-thirds participation by the Government and only one-third by the employee. This is one more instance where the committee in an effort to arrive at an equitable bill compromised with the administration.

Mr. JOHNSTON of South Carolina. Mr. President, I yield 3 minutes to the Senator from Oklahoma [Mr. Mon-RONEY 1.

The PRESIDING OFFICER. Senator from Oklahoma is recognized for 3 minutes.

Mr. MONRONEY. Mr. President, I. wish to compliment the distinguished chairman of the subcommittee [Mr. NEUBERGER], the chairman of the full committee [Mr. Johnston of South Carolina], and the ranking Republican member [Mr. Carlson], as well as the other members of the subcommittee, for bringing before the Senate what I regard as one of the most important pieces of proposed legislation for the Government workers during my 21 years of service in the two Houses of Congress. Nothing will have a greater impact on the security and happiness of 2 million-odd employees of Uncle Sam than the enactment of the pending measure.

I hope the bill will be enacted largely as the committee reported it. It is the result of a long study in which practically all the controversial elements of the original bill were removed or resolved. Those elements have been removed or resolved generally in the interest of the employees, in order to bring about the very best possible system of health insurance

One point which I hope will be emphasized to the employees is that by the enactment of the bill we will be extending a benefit far greater than a 10- or 15percent pay increase. Although the block buying of this insurance may result in a lesser cost by a considerable amount than such a pay raise, the net result for the long time security and happiness of the employees, I think, will exceed any pay increase we can give them.

As the bill is passed, if it becomes a law, deductions will be necessary to finance the employees' part of the insurance, but I hope those deductions will not be considered in the nature of taxation. Certainly, since the Government is paying two-thirds of the cost, and only one-third of the cost is being borne by the employees, the employees should realize they are being permitted to buy at the lowest wholesale cost the best health insurance the Government will be able to negotiate for through the new insurance provided. Therefore, it is an outstanding fringe benefit, although "fringe" is an understatement of the value it has.

I think I have supported every one of the proposals which has been before this body during my service, and as we consider proposed legislation with regard to wage and pay increases at times the employees overlook certain values and consider only the take-home pay as being the one important factor. The health insurance which the employees will be permitted to buy will result in deductions from the take-home pay. However, we are enabling the employees to get a great bargain in health insurance. We enable them to get a great bargain in life insurance. In addition. the deductions made for retirement are also of great benefit to the employees.

These deductions which must necessarily be made from the pay checks are not a withholding for taxation or a deduction from income, actually.

They are a part of an investment which the Government is making for them at a wholesale rate, in an adequate retirement program, an adequate life insurance program, and an adequate health program. I compliment the distinguished members of the committee for the bill.

The PRESIDING OFFICER. The time of the Senator has expired.

Mr. MONRONEY. Mr. President, may I have 1 more minute?

Mr. JOHNSTON of South Carolina. vield 1 additional minute to the Senator from Oklahoma.

Mr. MONRONEY. Particularly, I am gratified by the assurance given by the chairman of the subcommittee [Mr. NEUBERGER] and the chairman.of the full committee [Mr. Johnston], as well as the ranking Republican member, that they will try to find ways, within the cost element, of providing greatly needed health insurance for retired employees. I am gratified that the committee found it possible, in the closing days of the consideration of the bill, to provide that those who are retired involuntarily between the time of the enactment of the bill and the date it becomes effective, a year from its passage, will be given the right to be included in the program. It seems to me that it would be a tragedy, indeed, to allow a few months lack of service on the date the insurance program becomes effective to deny such retirees this very valuable privilege, whenthe reason for the retirement was not their own, but the result of Government regulations, or a departmental budget.

Mr, JOHNSTON of South Carolina. Mr. President, when we were discussing the bill in the committee the Senator from Oklahoma called attention very forcefully to this subject, and the committee agreed that something should be done in the direction suggested. The committee immediately went to work on the problem, and is working on it at the present time.

Mr. CARLSON. Mr. President, I yield myself 10 minutes.

The PRESIDING OFFICER. The Senator from Kansas is recognized for 10

Mr. CARLSON. I believe, in all fairness, I should state—and I know there will be no objection on the part of the committee—that it was the Senator from Oklahoma [Mr. Monroney] who offered the amendment that those who are involuntarily forced into retirement because of age will be taken care of, even though they are forced to retire before the act takes effect. That was a very fine proposal, and it was unanimously approved by the committee.

The distinguished Senator from Oklahoma urged consideration for those who are already retired. As has been well stated on the floor of the Senate this afternoon by the chairman of the committee and the chairman of the sub-committee, this subject will receive

consideration.

I have before me a letter which I have just received on this very subject, from some members of the United National Association of Post Office Clerks. I ask unanimous consent to have it printed in the RECORD at this point as a part of my remarks.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

UNITED NATIONAL

ASSOCIATION OF POST OFFICE CLERKS, Junction City, Kans., July 15, 1959. Senator Frank Carlson, Senate Office Building, Washington, D.C.

DEAR SENATOR CARLSON: In behalf of the many retired civil service employees in this area we regret the action of the Senate Post Office and Civil Service Committee to exclude the present retlrees from the Johnston-

Neuberger bill S. 2162.

When this bill comes before the full Senate for consideration would you endeavor to amend it if possible to include present re-This action could save considerable tlme in future legislation since Senator Neuberger states it is his intention to do every thing in his power to make certain that coverage is provided for present retirees under separate legislation.

It is hardly likely that there will be sufficient time for any separate action on a new bill for health and hospital legislation

before Congress adjourns.

The present annuitants do not expect free coverage; we expect to pay for the coverage on the same basis as future retlrees; we consider the request for equal treatment is fair and fully justified.

Your favorable consideration on this matter will be greatly appreciated by every retiree in and around Junction City, Kans.

Sincerely,

EDGAR D. MYERS.

Mr. CARLSON. Mr. President, as indicated in the committee report on S. 2162. Senator Morton and I believe we have come a long way in the matter of designing a health insurance program for Federal employees. Much thinking and effort have gone into the preparation of S. 2162. It resolves in a most satisfactory way some of the most complex problems with which the Post Office and Civil Service Committee has been confronted since my association with it.

I think it should be stated, as has been mentioned by the distinguished chairman of the committee, that the Federal health insurance program was considered in 1947. It is not new, but it has been a difficult program to write

I think we should mention also that in 1954, 1955, 1956, and 1957, the present

administration recommended legislation of this type. The distinguished chairman of the committee and I have cosponsored proposed legislation, and we have introduced individual bills.

Again I say that I am pleased that today we are able to consummate this proposal in the form of legislative lan-

I consider S, 2162 a good bill—the best of many similar bills which have been introduced during the past 2 years. However, I know that S. 2162 is not perfect. Some of my colleagues on the committee also recognize that S. 2162 contains some features which are not perfect and which will have to be improved later by amendments if the bill is now enacted.

Because of the complex nature of the subject matter, it is not humanly possible to anticipate all the features of the bill which will need to be changed later on. I expect that in any event we shall have to enact changes from time to time to keep pace with advances in the field of health and medical care and with the changing needs of Federal em-

Some of the imperfect features in S. 2162 which will have to be changed eventually can now be foreseen. I do not think that we ought to wait to correct these shortcomings until after the health insurance program has been in effect for some time. Since we know what these shortcomings are and can anticipate that they will have to be corrected sooner or later, I think they should be corrected now.

I advised the chairman of our committee that I have some misgivings about certain sections of the bill, but I shall not offer any amendments on the floor this afternoon.

One of the shortcomings of S. 2162 is the fact that it does not now require the accumulation of a reserve adequate to avoid frequent increases in subscription charges. No provision is made in the bill for the accumulation of such reserve other than from amounts which may be refunded by the carriers as dividends or premium refunds.

Such refunds, if they are realized, will be altogether insufficient to absorb the alarming increases in the costs of hospitalization and other medical services which we have all noticed in the past few years. Experts in the field say that we may expect an average annual increase in hospitalization costs alone of at least 5 percent in each of the next 8 to 10 years. Let me read a story on this subject which Newsweek magazine carried in its issue of July 13, 1959:

HIGHER PRICED BLUE CROSS

For the past 30 years, an association of nonprofit organizations known as the Blue Cross plans has enabled tens of millions of Americans to prepay hospital bills through a simple system of payroll deductions. However, in city after city these days, wage earners are discovering that the deductions are no longer as painless as they once were.

Rising hospital costs and increased use of hospitals by Blue Cross subscribers have forced up family health insurance rates all across the country. One of the biggest boosts in premiums came last week in New York City where the Nation's largest Blue Cross plan (covering 7.1 million people in 17

metropolitan area counties) was granted a 26.5 percent rate Increase. Coming on top of a 22.3 percent raise last year and a 33.7 percent boost in 1952, the latest increase drew fire from many quarters.

The criticism was not confined to cost alone. Subscribers in the Natlon's largest city were miffed that they had, by comparative standards, one of the poorest of all the 79 different famlly health insurance plans in the country. For instance, while Blue Cross subscribers in Michigan, Indiana, and even in New York State itself—in Buffalo—have most of their hospital expenses covered for 120 days, Greater New York residents receive only 21 days of coverage.

Formula: Even though the State Insurance department granted the 26.5 percent increase, it sald, in effect, that the Blue Cross formula of reimbursing hospitals gave some institutions too much money, and oth-

ers not enough.

By last weekend, it was clear to almost everyone, except some Blue Cross officials, that the system was probably in need of a major overhaul. To guide such a reorganization, many civic leaders, including New York's Mayor Wagner, are banking on a State-sponsored study to be released in September by Columbia University's School of Public Health and Administrative Medicine. But Dr. Ray E. Trussell, director of the study, cautions that "there aren't going to be any panaceas. No matter what happens, the cost of hospital care is going to go up."

The accumulation of an adequate reserve would provide a fund which could for a time absorb these increases and lengthen the otherwise short intervals at which subscription rates would have to be increased. The present position, as S. 2162 is now worded, is that Congress would probably have to enact amendatory legislation to permit adequate contributions to meet the increase in subscription costs. This enabling legislation would be necessary because S. 2162 now specifies what the maximum amount of contributions may be. Any contributions higher than those now specified could be made only if the law were changed.

The report accompanying the bill says, on page 22, that it is contemplated that an amount not exceeding 3 percent of any one year's contribution or in excess of 10 percent as an accumulative total may be retained in the fund at any one time as a part of the reserve for adverse fluctuations.

In my judgment, Mr. President, there are two things wrong with this. First, 3 percent is not enough. The Commission should be authorized, in its discretion, to retain up to between 10 and 15 percent of each year's contribution for this purpose if we are to fend off for even a few years the need for amendatory legislation on contribution rates.

Second, I should like to see a much clearer expression of congressional intent that such reserves are to be accumulated than merely a passing reference in the report. I should feel much easier in my mind if language showing congressional intent where clearly spelled out in the bill itself.

It is important that we make sure of the establishment of adequate reserves for future increases in subscription rates. But it is even more important that we do not start out with an overly rich plan such as S. 2162 would seem to make inevitable. The \$4.25 which the employee with dependents would contribute each 2 weeks, plus a matching \$4.25 from the Government, would add up to a plan costing \$18.40 a month. Such a plan, I am reliably informed, exceeds in cost all but the most lavish of the plans which are provided by private employers.

I am not worried, Mr. President, about the high cost of a plan which starts out at \$18.40 a month as it affects the Members of this body, nor as it affects those Federal employees and officials who may be in relatively comfortable financial circumstances. I am concerned, and I believe other Senators will share my concern, about the three-fourths of all Federal employees who are paid no more than the letter carrier—many of them not so much.

I had hoped that S. 2162 would have a price tag of about \$250 million.

The PRESIDING OFFICER. The Senator's time has expired.

Mr. CARLSON. I yield myself an additional 5 minutes.

The PRESIDING OFFICER. The Senator is recognized for 5 additional

Mr. CARLSON. Why, when we know that hospital and medical costs will certainly continue to rise, should we start off with a more luxurious program than the vast majority of employer plans in private industry? A good, substantial program, either service or indemnity, can be provided for 20 percent less cost.

As S. 2162 is now designed, a letter carrier with a family will in many cases have to start out by paying more for the health insurance provided under this bill than he now pays for his present plan. In the next year or two or three, as costs march steadily upward, he will be asked to pay even more. He will have hise hoice, then, of digging deeper into his pocket or of dropping out of the program.

I think I should state at this point that the administration proposal of 4 years ago was based on a contribution of one-third from the Federal Government and two-thirds from the employee, and that originally the first proposal involved a program to cost not in excess of \$50 million. This year \$80 million was finally agreed upon, and we are supporting here a program at a cost of at least \$300 million. While I am supporting this program because I have made some definite commitments, and because I think it is sound that a program should be based on a 50-50 basis, yet I think it is only fair to say that that is the administration viewpoint

A sound program can be provided for the money agreed upon, one which will offer ample financial protection against the unforeseeable costs of serious and prolonged illness as well as against the more predictable costs of short-term hospitalization and routine medical care. Employees could afford such a program, as I fear they cannot the program which S. 2162 contemplates.

As I stated at the outset, S. 2162 is, in my judgment, a vast improvement over its predecessor bills. The only major changes it needs are these two—provision for reserves and a reduction of its pricetag—to make it a piece of enduring

legislation in which we can all take pride and lasting satisfaction.

I hope the Senate will approve S. 2162 as reported by the committee, because I should not like to see this very necessary legislation longer delayed. By the same token, I hope that, when the bill reaches the House, notice can be taken of my statement here today and the necessary changes made which will facilitate its enactment into law.

Mr. NEUBERGER. Mr. President, will the Senator yield me 4 minutes?

Mr. CARLSON. I yield the Senator 4 minutes.

Mr. NEUBERGER. I thank the Senator from Kansas and the chairman of the committee.

At the beginning I desire to say to both the Senator from Kansas and the Senator from Kentucky that I listened very carefully to their comments on the bill. I appreciate their favorable observations about the bill in general.

I realize that they have stated some very valid points in criticism of the bill. I appreciate their doing so. I think it is their duty to do so. However, I know that they agree how technically complex and difficult it has been to draft this proposed legislation.

For example, I know that there has been some criticism on the part of the administration on the ground that the contributory ratio is not two-thirds from the individual and only one-third from the Government. Yet we were informed during testimony that the great steel industry, now alas in the throes of a strike, has a 50–50 plan with its employees for health insurance, that the vast automobile industry has a 50–50 plan with its employees, and the employees in many other great lines of industry have a 50–50 contributory program.

Furthermore, I asked several witnesses for the administration how they felt personally about a 50–50 program, and although of course they could not commit the administration, several of those who were present before our subcommittee as administration spokesmen themselves said that they felt 50–50 was certainly a fair ratio in view of the practice across the country. Of course they could only comment for themselves personally.

I wish to say also to the Senator from Kansas that these contributions and benefits are stated in terms of maximums. They are not absolutes. They are not mandatory on the Commission. The Commission will negotiate contracts to carry out the purposes of the bill. We expect the Commission, which has very able leadership, to bargain hard and long for the greatest possible benefits at the lowest possible cost, but I emphasize that the bill itself states these things in terms of maximums.

I desire to say to the Senator from Kansas and to the Senator from Kentucky, and I state this again very forcefully, if I may, that we appreciate the cooperation we have had from them as minority members.

It may be that as the bill operates in practice, some of their criticisms will turn out to be justified. If so, I say, speaking for myself, that I will be fair-

minded in seeing to it, if I should be here to participate, that any amendments which we might make in the future will take into consideration these criticisms, whether or not they have been borne out, but it is my opinion that we have here a bill which is the best possible piece of legislation under the circumstances. It has the endorsement of the medical groups, of the doctors, the Blue Cross, the Blue Shield, the insurance industry of the United States, the Federal employee groups, and certainly we have gone halfway to meet the objections of the administration.

The Senator from Kentucky [Mr. Morton], in his statement, said that S. 94, on which the subcommittee held hearings, provided for a two-thirds contribution by the Federal Government. Certainly even in that major essential the committee made a very great compromise by reducing the contribution to be made by the Federal Government to 50 percent, the other 50 percent to be contributed by the employee.

To Senators on both sides of the aisle let me say that I feel we have a bill which, while it may not be without defects, will in practice turn out, in its major essentials, to be successful.

The PRESIDING OFFICER. The question is on agreeing to the committee amendment in the nature of a substitute.

The amendment was agreed to.

Mr. JOHNSTON of South Carolina. Mr. President, I ask for the third reading of the bill.

The PRESIDING OFFICER. The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed for a third reading, and was read the third time.

Mr. JOHNSTON of South Carolina. Mr. President, I suggest the absence of a quorum, the time for the quorum call to be charged to neither side.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. JOHNSON of Texas. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. JOHNSON of Texas. Mr. President, I ask for the yeas and nays on the passage of the bill.

The yeas and nays were ordered.

Mr. NEUBERGER. Mr. President, will the Senator from Texas yield 30 seconds to me?

Mr. JOHNSON of Texas. I yield 30 seconds to the Senator from Oregon.

Mr. NEUBERGER. I desire to announce, for the information of the Schate and the committee staff, that the distinguished chairman of the House Committee on Post Office and Civil Service, Representative Murray, has scheduled hearings to begin on S. 2162 next Tuesday. I commend Representative Murray for this action. I think it augers well for very early action on our bill in the House of Representatives.

Mr. JOHNSON of Texas. Mr. President, has all time been yielded back?

Mr. JOHNSTON of South Carolina. I yield back the remainder of my time.

Mr. CARLSON. I yield back the remainder of my time.

The PRESIDING OFFICER. All time has been yielded back.

The question is, Shall the bill pass? On this question the yeas and nays

have been ordered, and the clerk will call the roll.

The legislative clerk called the roll. Mr. MANSFIELD. I announce that the Senator from Virginia [Mr. BYRD], the Senator from Mississippi [Mr. East-LAND], the Senator from Louisiana [Mr. ELLENDER], the Senator from Delaware [Mr. Frear], the Senator from Missouri [Mr. Hennings], the Senator from Tennessee [Mr. KEFAUVER], the Senator from Mississippi [Mr. Stennis], and the Senator from Georgia [Mr. Talmadge] are absent on official business.

The Senator from Wyoming [Mr. O'MAHONEY] is absent because of illness.

I further announce that if present and voting, the Senator from Delaware [Mr. FREAR], the Senator from Missouri [Mr. HENNINGS], the Senator from Tennessee [Mr. KEFAUVER], and the Senator from Wyoming [Mr. O'MAHONEY] would each vote "yea."

Mr. KUCHEL. I announce that the Senator from Utah [Mr. BENNETT] and the Senator from Nebraska HRUSKA] are absent on official business.

The Senator from New Hampshire [Mr. Bridges] is necessarily absent.

If present and voting, the Senator from Utah [Mr. BENNETT] would vote

The result was announced—yeas 81, nays 4, as follows:

YEAS-81

Aiken . Monroney Gruening Allott Anderson Morse Morton Hart Hartke Bartlett Beall Hayden Hickenlooper Mundt Bible Holland Muskie Butler Byrd, W. Va. Cannon Humphrey Neuberger Jackson Javits Pastore Prouty Carlson Carroll Johnson, Tex. Johnston, S.C. Proxmire Randolph Case, N.J. Chavez Robertson Russell Keating Saltonstall Schoeppel Kennedy Clark Kerr Cooper Kuchel Scott Smathers Langer Lausche Dirksen Smith Dodd Douglas Long McCarthy Sparkman Symington Dworshak Engle McClellan Thurmond Wiley Williams, N.J. McGee Ervin Fulbright McNamara Magnuson Yarborough Young, N. Dak. Young, Ohio Mansfield Martin Green

NAYS-4

Case, S. Dak. Goldwater Williams, Del.

Curtis

NOT VOTING-13

Ellender O'Mahoney Bennett Bridges Byrd, Va. Capehart Hennings Talmadge Eastland Kefauver

So the bill (S. 2162) was passed. Mr. MANSFIELD. Mr. President, I move that the vote by which the bill was passed be reconsidered.

Mr. JOHNSON of Texas. Mr. President, I move to lay that motion on the

The motion to lay on the table was agreed to.

Mr. DIRKSEN. Mr. President, should like to ask the distinguished Senator from Oregon [Mr. NEUBERGER] a few questions for the purpose of the RECORD.

Mr. NEUBERGER. I shall be glad to answer the questions if I can hear them. The PRESIDING OFFICER. The

Senate will be in order.

Mr. DIRKSEN. The first question is whether under the bill just passed the Civil Service Commission will include in the plan for health services all surgical services performed by dentists.

Mr. NEUBERGER. I will explain to the distinguished Senator from Illinois that the bill itself does not exclude any health services. In other words, the Civil Service Commission is authorized to enter into contracts with the various carriers, whether they be insurance companies, or Blue Cross-Blue Shield, to protect certain groups of Government employees; but it is my contemplation, as chairman of the subcommittee, after listening to all the discussions, that the various programs will include coverage for oral surgery, but not for prophylactic dentistry.

In other words, to carry the explanation a little further and state what I gather is the purport of the bill, if a dentist should perform surgery on the jaw, or perhaps remove a growth from the gum or elsewhere in the mouth, that would be included. However, prophylactic dentistry, such as cleaning teeth or extracting teeth, would not be included.

Mr. DIRKSEN. The next question is whether in the case of acute disorders, such as tumors, cysts, and that sort of diseases, the needed surgical service must be performed in a hospital or in the dentist's office in order to be covered.

Mr. NEUBERGER. It has been contemplated that if it were oral surgery, whether performed in the dentist's office or hospital or clinic, it would be included within the contracts the Civil Service Commission is authorized to negotiate; but ordinary prophylactic dentistry would not be within the proper scope of the bill.

Mr. DIRKSEN. I thank the Senator from Oregon.

THE POPULARITY OF THE FRENCH AUTOMOBILE DEUX CHEVAUX

Mr. MONRONEY. Mr. President, in view of the interest in automobiles on the part of most Americans, I think it is interesting to note that Europe's most popular car is an automobile we hear nothing about in America and, by its own manufacturers, is admitted to be not for Americans. A very interesting article appeared in the Wall Street Journal on the French Citroen-automobile called the Deux Chevaux. It is a 2-horsepower car on French standards.

I know Americans will be interested in some of the statistics concerning this car. It will go 45 miles on a gallon of gasoline. It requires only 2 pints of oil in the crankcase. Usually, it goes 100,000 miles without needing any sort of maintenance or repair. If a fender is smashed, the owner can go to the dealer and buy a brand new fender for \$3, and put it on himself with a pair of phers. There is no need to match a specific color, because all such cars have one standard color, gray.

The only difficulty about the Deux Chevaux is that it is now being produced at the rate of 1.300 cars a day. That is about 325,000 a year. Production on the model started 12 years ago, and the manufacturers have never been able to keep up with demand. At the time it first went into production, the stock-holders complained that they had been made to look ridiculous. Mr. President, the car sells for \$900. It is not made of attractive design. It is the champion ugly duckling of automobiles.

Since this is a unique example of what can be done in the field of manufacturing automobiles, I ask unanimous consent that the article which appeared in the Wall Street Journal concerning the car be printed at this point in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

FRENCH WAIT IN LINE FOR DEUX CHEVAUX. EUROPE'S UGLIEST AUTO—FRILLS, SUCH AS A GAS GAGE, ARE MISSING, BUT THE LOW UPKEEP DRAWS CUSTOMERS

(By Dan Cordtz)

PARIS.—If Europe ever becomes motorized to anything resembling the degree of the United States, the trick may well be turned by a paradoxical vehicle which:

Is easily Europe's ugliest auto, but has an 18-month waiting list in style-conscious

France.

Looks like the basement handiwork of a particularly inept do-it-yourselfer but runs 100,000 miles over any sort of road with practically no maintenance.

Lurches around with an ungainly nosedown gait, but furnishes an astonishingly

comfortable ride.

When it was first introduced, 12 ago, Citroen's strictly functional Deux Chevaux (the name means two horses and refers to the French brake horsepower rating) almost was laughed out of business before any customers could be induced to buy it.

SOME SORT OF JOKE

"They first showed it at that year's auto show in Paris," an official of a competitive company recalls, "and it was generally regarded as some sort of joke. There were all sorts of cracks made about it—one that each er came equipped with a can opener to get

der came equipped with a can opener to get in Even the Citroen stockholders got involved. Some of them complained that they had been made to look ridiculous. There was quite a fracas about it at the first annual meeting after the car came out."

It didn't take long, however, before the amusement turned to respect. In the austere France of that day, the car offered a relatively roamy, versatile car for a comparatively low price. A few customers bought them and the word quickly got around that the Deux Chevaux, for all its strange appearance, was a remarkable automobile. mobile.

In a couple of years, demand had outrun Citroen's productive capacity and today—although the car is unchanged from the original model except for certain refinements in its nearly indestructible engine—more Frenchmen are waiting for a Daux Chevaux than at any time before.

STEPPING UP OUTPUT

Production in 1958 amounted to nearly 200,000 and construction now is underway on a new plant in Brittany to step up output.

Even when we get up to 1,300 cars a day (more than 325,000 a year) we're certain the market will absorb it," says Remi-Francis Pelanne of Citroen's sales department. "We trust very much in the principle of that

The principle is to provide an automobile that will carry its owner through at least a decade of trouble-free—if Spartan—driva decade of trouble-free—if Spartan—driving. Owners of the Deux Chevaux primarily are not concerned with initial cost, although its cost is low for the car's size. Only Renault's tiny 4CV sells for about the same price (around \$900 in France), but while four persons fill the midget Renault, five can ride in comfort in the Deux Chevaux.

The seats are not exactly of modern design. They are somewhat like the canvas sling seats that have taken American suburbia by storm since World War II. But combined with a suspension system which provides a creditable ride in spite of the Deux Chevaux's light weight (only 800 pounds), they are adequate.

pounds), they are adequate.

SOME MISSING FRILLS

Almost nothing has been added to the Deux Chevaux that can possibly cause two-In fact, many of the missing frills strike an American as being highly essential. One such is the fuel-tank gage-much too effete for the owner of a Deux Chevaux. When he grows curious about the level of the gasoline, he takes the cap off and inserts a stick in the tank. The only instrument of consequence is the speedometer, a rudimentary bicycle-type affair which is fastened to the dashboard and looks like an afterthought.

In contrast to the "sculptured" steel which so enamors American stylists, the Deux Chevaux deliberately uses flat steel sheets wherever possible to cut down on press work. Not are there no luxury items as power windows, but even cranks for rolling windows up and down by hand are eliminated. On the Deux Chevaux windows are split horizontally in the middle, and the bottom half folds upward to provide ventilation.

one passenger model is offeredfour-door sedan with a canvas roof that slides along tracks above the doors-and one color-a battleship gray. There also is a truck with a corrugated-steel top which has

a sort of station-wagon adaptation.

The engine is in front, along with the transmission, for the Deux Chevaux (like Citroen's radically styled DS-19 sedan) has a front-wheel drive. This accounts for the car's nose-down attitude when the back seat is empty, but also gives it excellent road clearance under the flat floor of the body. The Deux Chevaux, say residents of the Alpine regions, can keep plowing through the snow when lower slung cars have stalled.

A MOTOR IN THE TRUNK

Citroen now is starting production special variety of the Deux Chevaux with a second engine in the rear luggage compart-ment. With this one geared to the rear wheels, the car is a four-wheel drive model with 24 horsepower but still weighs only about 1,200 pounds. It is expected to become the jeep of the French Army and also is in demand by Sahara oil prospectors who wanted a little more power.

Even with the single engine of the passenger model, the Deux Chevaux has enough power for the average driver. Although the bicycle speedometer inspired early jokes about the car's speed, it can be seen clatter-ing around the French roads at 60 miles an

With the 12-horsepower engine, gas consumption is 45 miles a gallon. The crank-case needs only two pints of oil.

Although this low consumption of fuel and lubricant is appealing, it is low maintenance that really gives the Deux Chevaux Its reputation. "Our dealers get practically no service business from the car," claims Mr. Pelanne. "The French insurance companies

estimate it costs only 12 francs per kilometer (about 4 cents a mile) to drive it, and they all give owners a special rate on insurance premiums.'

A NEW FENDER COSTS \$3

For reasons why, consider what happens to an average Deux Chevaux driver when he crumples a fender. With a Gallic shrug, he takes a household screwdriver and removes three screws holding the fender, then tosses the damaged part aside. He buys another from his nearest Citroen dealer—the part is already painted in the standard gray, of course—and screws it on. Total cost: Per-

Changing a tire is even easier. Three lugs hold the wheel, and Parisian visitors occasionally are startled to see a Deux Chevaux owner removing a flat while two companions hold the afflicted corner off the ground. A little musclepower is usually enough to jostle the car sideways into a difficult parking

space, too.

The car's fame now has spread far beyond France. Citroen now operates assembly plants in England, Belgium, Chile, Spain, and Cambodia. Its best export markets are Africa, Switzerland, Belgium, and The Netherlands. One market probably destined to

remain untapped is the United States.
"No," said Mr. Pelanne, "that car is not for the United States. It would just be laughed at over there. Americans are not really interested in that sort of car any more.

OF THE FEDERAL JUDI-STUDY CIAL SYSTEM

Mr. JOHNSON of Texas. Mr. President, I ask unanimous consent that the Senate proceed to the consideration of Order No. 224, Senate Resolution 91, and I call this request to the attention of the Senator from South Carolina [Mr. Johnston].

The PRESIDING OFFICER. The

resolution will be stated by title.

The Legislative Clerk. A resolution (S. Res. 91) authorizing a study of the Federal judicial system.

The PRESIDING OFFICER. Is there objection to the request of the Senator

from Texas?

There being no objection, the Seriete proceeded to consider the resolution which had been reported from the Comnittee on Rules and Administration with an amendment on page 2, line 2, after the word "committee", to strike out "from February 1, 1959, to January 31, 1960, inclusive," and insert "through January 31, 1960,", so as to make the resolution read:

Resolved, That the Committee on the Judiciary, or any duly authorized subcommittee thereof, is authorized under sections 134(a) and 136 of the Legislative Reorganization Act of 1946, as amended, and in accordance with its jurisdictions specified by rule XXV of the Standing Rules of the Senate, to make a complete study and examination of the Federal judicial system with a view to determining the legislative or other measures, if any, which may be necessary or desirable in order to increase the efficiency of the Federal courts in justly and expeditiously adjudicating or determining the cases, controversies, and other matters which may be brought before

SEC. 2. For the purposes of this resolution the committee, through January 31, 1960, is authorized to (1) make such expenditures as it deems advisable; (2) to employ, upon a temporary basis, technical, clerical, and other assistants and consultants: Provided.

That the minority is authorized to select one person for appointment, and the person so selected shall be appointed and hi son so selected shall be appointed and his compensation shall be so fixed that his gross rate shall not be less by more than \$1,200 than the highest gross rate paid to any other employee; and (3) with the prior consent of the heads of the departments or agencies concerned, and the Committee on Rules and Administration, to utilize the reimbursable services, information, facilities, and personnel of any of the departments or agencies of the Government. ernment.

SEC. 3. The committee shall report its findings, together with such recommendations for legislation as it deems advisable, to the Senate at the earliest practicable date, but not later than January 31, 1960.

Sec. 4. Expenses of the committee, under this resolution, which shall not exceed \$60,000, shall be paid from the contingent fund of the senate upon vouchers approved by the charman of the committee.

Mr. JOHNSON of Texas. Mr. President, will the Senator from South Caro-

lina explain the resolution?

Mr. JOHNSTON of South Carolina. Mr. President, I should like to call to the attention of the Senate the fact that the resolution has been held up on the calendar, as will be noted, since April 29. There is a reason for that. A summary investigation on a similar matter was being made by the appropriate committee. The Judiciary Committee wanted that investigation completed so the committee could have advantage of the report of that investigation before it went further into the matter. That investigation has been completed. Senators who asked me to hold action up on the resolution have now withdraw objection.

The resolution now under consideration had the unanimous approval of the subcommittee. It also had the unanimous approval of the Judiciary Committee. It then went to the Committee on Rules and Administration, as does any such measure involving the spend-

ing of money. We were asked to investigate and look into the matter of judgeships. There have been requests for many additional judges, amounting to 46 to 50. The committee could not proceed intelliently without further information on the subject. For that reason we have deferred action on the resolution. It was the desire of the Judiciary Committee that it be done. I happen to be chairman of the subcommittee.

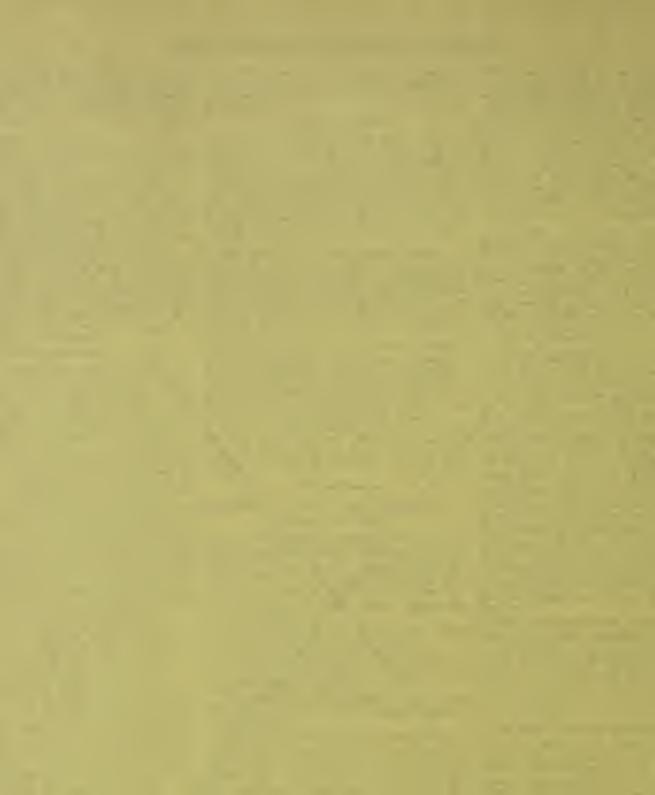
Mr. KEATING. Mr. President, will the Senator yield to me? Mr. JOHNSTON of South Carolina. I yield to the Senator from New York.

Mr. KEATING. I realize the necessity for the resolution, and strongly support the statement of the distinguished Senator from South Carolina.

A question has been raised which I should like to set at rest by having an answer made on the floor. The question has been raised that the hearings might interfere with or delay the confirmation of the naminations of certain firmation of the nominations of certain judges who are very clearly needed in many sections of the country. am particularly conscious of the need in and around New York City, where a number of vacancies in judgeships have occurred, and nominations have been sent

S. 2152

AN ALL



S. 2162

IN THE HOUSE OF REPRESENTATIVES

July 20, 1959

Referred to the Committee on Post Office and Civil Service

AN ACT

To provide a health benefits program for Government employees.

- 1 Be it enacted by the Senate and House of Representa-
- 2 tives of the United States of America in Congress assembled,
- 3 That this Act may be cited as the "Federal Employees
- 4 Health Benefits Act of 1959".
- 5 DEFINITIONS
- 6 SEC. 2. As used in this Act—
- 7 (a) The term "employee" means an appointive or elec-
- 8 tive officer or employee in or under the executive, judicial,
- 9 or legislative branch of the United States Government, in-
- 10 cluding a Government-owned or controlled corporation (but
- 11 not including any corporation under the supervision of the

Farm Credit Administration, of which corporation any mem-1 ber of the board of directors is elected or appointed by private 2 interests), or of the municipal government of the District 3 of Columbia, and includes an Official Reporter of Debates of 4 the Senate and a person employed by the Official Reporters 5 of Debates of the Senate in connection with the performance 6 of their official duties, and an employee of Gallaudet College, 7 but does not include (1) a member of a "uniformed service" 8 as such term is defined in section 1072 of title 10 of the 9 United States Code, (2) a noncitizen employee whose per-10 manent-duty station is located outside a State of the United 11 States or the District of Columbia, or (3) an employee of 12 the Tennessee Valley Authority. 13 (b) The term "annuitant" means (1) an employee who 14 15 on or after the effective date of the provisions referred to in 16 section 16 (b) retires on an immediate annuity, under the 17 Civil Service Retirement Act or other retirement system for 18 civilian employees of the Government, after twelve or more 19 years of service or for disability, (2) an employee who on or 20 after the date of enactment of this Act and prior to such 21 effective date retires on such annuity (i) after twelve or more 22 years of service upon involuntary separation not by removal 23 for cause on charges of misconduct or delinquency or (ii) for 24 disability, (3), a member of a family who receives an im-25 mediate annuity as the survivor of a retired employee de-

scribed in clause (1) or clause (2), or of an employee who 1 dies on or after such date of enactment after completing five 2 or more years of service, (4) an employee who receives 3 monthly compensation under the Federal Employees Compen-4 sation Act as a result of injury sustained or illness contracted 5 on or after such date of enactment and who is determined by 6 7 the Secretary of Labor to be unable to return to duty, and (5) a member of a family who receives monthly compensa-8 tion under the Federal Employees Compensation Act as the 9 surviving beneficiary of (i) an employee who dies after com-10 pleting five or more years of service as a result of injury sus-11 tained or illness contracted on or after such date of enact-12 ment or (ii) a former employee who is separated after com-13 pleting five or more years of service and who dies while 14 receiving monthly compensation under such Act on account 15 of injury sustained or illness contracted on or after such date 16 of enactment. For the purpose of this subsection, "service" 17 18 means service which is creditable for the purposes of the 19 Civil Service Retirement Act. (c) The term "member of family" means an employee's 20

(c) The term "member of family" means an employee's or annuitant's spouse, unmarried child under the age of nine-teen years (including (1) an adopted child, and (2) a step-child or recognized natural child who lives with and receives more than one-half his support from the employee or annuitant in a regular parent-child relationship), or unmarried

- 1 child regardless of age who is incapable of self-support be-
- 2 cause of a mental or physical incapacity that existed prior to
- 3 his reaching the age of nineteen years and who is in fact de-
- 4 pendent on the employee or annuitant for over one-half his
- 5 support.
- 6 (d) The term "dependent husband" means a husband
- 7 who is incapable of self-support by reason of mental or
- 8 physical disability, and who receives more than one-half his
- 9 support from the employee or annuitant.
- 10 (e) The term "health benefits plan" means an insurance
- 11 policy or contract, medical or hospital service agreement,
- 12 membership or subscription contract or similar arrangement
- 13 provided by a carrier for the purpose of providing, paying
- 14 for or reimbursing expenses for health services.
- 15 (f) The term "carrier" means a voluntary association,
- 16 corporation, or partnership, or other organization (other
- 17 than an agency or instrumentality of the Federal Govern-
- 18 ment or of any State or political subdivision thereof) which
- 19 is lawfully engaged in providing, or paying for or reim-
- 20 bursing the cost of, health services under insurance policies
- 21 or contracts, medical or hospital service agreements, mem-
- 22 bership or subscription contracts, or similar arrangements, in
- 23 consideration of premiums or other periodic charges payable
- 24 to the carrier, including a health benefits plan duly sponsored
- 25 or underwritten by a national employee organization.

- 1 (g) The term "Commission" means the Civil Service
- 2 Commission.
- 3 (h) The term "national employee organization" means
- 4 a bona fide labor organization, national in scope, which
- 5 represents only employees of one or more departments or
- 6 agencies of the Government.

7 ELECTION OF COVERAGE

- 8 Sec. 3. (a) This Act shall apply to any employee who,
- 9 at such time, in such manner, and under such conditions of
- 10 eligibility as the Commission may by regulation prescribe,
- 11 elects to enroll in a health benefits plan described in section 4
- 12 either for himself alone or for himself and members of his
- 13 family. Such regulations may provide for the exclusion of
- 14 employees on the basis of the nature and type of employ-
- 15 ment or conditions pertaining thereto, such as short-term
- 16 appointments, seasonal or intermittent employment, and em-
- 17 ployment of like nature, but no employee or group of em-
- 18 ployees shall be excluded solely on the basis of the hazardous
- 19 nature of employment.
- 20 (b) (1) This Act shall apply to any annuitant who at
- 21 the time he becomes an annuitant shall have been enrolled
- 22 in a health benefits plan under this Act—
- (A) for a period not less than (i) five years, or
- 24 (ii) the period beginning on the last day of the first
- 25 period, as prescribed by regulations of the Commission,

1	in which he is el	eligible to	enroll in su	leh a plan	and ending
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on the date on which he becomes an annuitant, which-

3 ever is shorter, or

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- 4 (B) as a member of the family of an employee or annuitant.
- 6 (2) This Act shall also apply to any annuitant not en-7 rolled in a health benefits plan during the period referred to 8 in paragraph (1) if—
- 9 (A) such annuitant is (i) an annuitant described in section 2 (b) (2), (ii) an annuitant described in sec-10 tion 2 (b) (4) whose injury was sustained or whose ill-11 12 ness was contracted prior to the effective date of the provisions referred to in section 16 (b), or (iii) a member 13 of the family of an annuitant referred to in (i) or (ii) 14 or of an employee or former employee described in sec-15 tion 2 (b) (5) whose injury was sustained or whose ill-16 ness was contracted prior to such effective date, and 17
 - (B) such annuitant elects to enroll in a health benefits plan under this Act within such period, in such manner, and under such conditions of eligibility as the Commission may by regulation prescribe.
- (c) If an employee has a spouse who is an employee, either (but not both) may enroll for himself and members of his family, or either spouse may enroll for himself alone,

- 1 but no person may be enrolled both as an employee (or an-
- 2 nuitant) and as a member of the family.
- 3 (d) A change in the coverage of any employee or annui-
- 4 tant, or of any employee or annuitant and members of his
- 5 family, enrolled in a health benefits plan under this Act
- 6 may be made by the employee or annuitant only upon appli-
- 7 cation filed within sixty days after the occurrence of a change
- 8 in family status or at such other times and under such con-
- 9 ditions as may be prescribed by regulations of the Com-
- 10 mission.
- 11 (e) A transfer of enrollment from one health benefits
- 12 plan described in section 4 to another such plan shall be
- 13 made by an employee or annuitant only at such time or
- 14 times and under such conditions as may be prescribed by
- 15 regulations of the Commission.

16 HEALTH BENEFITS PLANS

- 17 Sec. 4. The Commission may approve the following
- 18 health benefits plans:
- 19 (1) SERVICE BENEFIT PLAN.—One Government-wide
- 20 service benefit plan under which in whole or substantial
- 21 part the physicians, hospitals, or other providers of covered
- 22 health services agree, under certain conditions, to accept the
- 23 payment provided by the plan as full payment for covered
- 24 services rendered by them.

- 1 (2) Indemnity benefit plan.—One Government-
- 2 wide indemnity benefit plan under which the carrier agrees
- 3 to pay to the employee or annuitant or member of his family,
- 4 who incurs expenses for health services covered under the
- 5 conditions of the policy, or to the providers of the health
- 6 service benefits, certain stipulated sums of money not in ex-
- 7 cess of the actual expenses incurred.
- 8 (3) Employee organization plans.—Employee
 - 9 organization plans which are sponsored, contracted for, and
- 10 administered in whole or substantial part, by national em-
- 11 ployee organizations, which are available only to persons
- 12 who are or have been members of the sponsoring organiza-
- 13 tion, and which provided benefits for health services to mem-
- 14 bers of the sponsoring organization on July 1, 1959.
- 15 (4) Group-practice prepayment plans.—Group-
- 16 practice prepayment plans which offer health services in
- whole or in substantial part on a prepaid basis, with pro-
- 18 fessional services thereunder provided by physicians prac-
- 19 ticing as a group in a common center or centers. Such a
- 20 group shall include physicians qualified in at least three
- 21 major medical specialities and receive all or a substantial
- 22 part of its income from the prepaid funds.

4	DEMERSION	TIO.	TOTAL	PROVIDED	TINDID	TOT A NICH
	BRINEITS	-10	BB	PRUVIDED	IIIN DEEK	PLANS

- 2 Sec. 5. (a) To the extent possible with the funds avail-
- 3 able under this Act, the benefits to be provided under plans
- 4 described in section 4 shall be the following:
 - (1) SERVICE BENEFIT PLAN.—
- 6 (A) HOSPITAL BENEFITS.—Benefits which the Com-
- 7 mission finds to be equivalent to the full cost of hospital care
- 8 in semiprivate accommodations in a general or acute special
- 9 hospital for one hundred and twenty days in any period of
- 10 continuous care or for one hundred and twenty days in the
- 11 aggregate in any periods of such hospitalization separated
- 12 by ninety days or less, except that such continuous or aggre-
- 13 gate periods in the case of tuberculosis and nervous and men-
- 14 tal conditions shall be thirty days.
- 15 (B) SURGICAL BENEFITS.—Benefits which the Com-
- 16 mission finds to be equivalent to the reasonable, necessary,
- 17 and customary charges for surgical services, and for care of
- 18 abnormal deliveries, made to persons with incomes less than
- 19 those of the one-quarter of Federal employees earning the
- 20 highest incomes.
- 21 (C) IN-HOSPITAL MEDICAL BENEFITS.—Benefits which S. 2162——2

- 1 the Commission finds to be equivalent to the reasonable,
- 2 necessary, and customary charges for medical services ren-
- 3 dered during periods of hospitalization for which benefits are
- 4 provided under subparagraph (A) to persons with in-
- 5 comes less than those of the one-quarter of Federal employ-
- 6 ees earning the highest incomes.
- 7 (D) Ambulatory patient benefits.—Benefits for
- 8 services to hospital outpatients and other ambulatory pa-
- 9 tients which the Commission finds to be practicable, reason-
- 10 able, and desirable with respect to diagnostic and treatment
- 11 services, surgical services, and services in cases of accidental
- 12 injury.
- 13 (E) Supplemental benefits.—Benefits equal to (i)
- 14 80 per centum of so much of the additional charges for health
- services for each individual for each illness as exceeds \$100
- but does not exceed \$1,500, plus (ii) the amount of any
- 17 such additional charges in excess of \$1,500 under such con-
- 18 ditions and such maximums as may be determined appro-
- priate by the Commission. For the purpose of this subpara-
- 20 graph, "additional charges for health services" means the
- amount by which the charges for health services for which
- ²² supplemental benefits are provided exceed any cash or service
- benefits provided under subparagraphs (A), (B), (C), and
- 24 (D). The supplemental benefits provided for under this

- 1 subparagraph shall not duplicate or replace the benefits pro-
- 2 vided for under subparagraphs (A), (B), (C), and (D).
- 3 (F) OBSTETRICAL BENEFITS FOR NORMAL DE-
- 4 LIVERIES.—Benefits which shall not exceed \$100 for hospital
- 5 services and \$100 for professional services for normal de-
- 6 livery, prenatal and post partum care, and which shall be in
- 7 lieu of all benefits for such services under subparagraphs
- 8 (A), (B), (C), (D), and (E).
- 9 (2) INDEMNITY BENEFIT PLAN.—
- 10 (A) Hospital Care.
- 11 (B) Surgical Care and Treatment.
- (C) Medical Care and Treatment.
- (D) Obstetrical Benefits.
- 14 (E) Prescribed Drugs, Medicines and Prosthetic
- 15 Devices.
- 16 (F) Other Medical Supplies and Services.
- 17 The plan may include deductible and coinsurance provi-
- 18 sions applicable to some or all of the benefits.
- 19 (3) EMPLOYEE ORGANIZATION PLANS.—Benefits of
- 20 the type specified in this subsection under paragraph (1)
- 21 or (2).
- 22 (4) GROUP-PRACTICE PREPAYMENT PLANS.—Benefits
- 23 of the type specified in this subsection under paragraph (1).
- 24 or (2).

(b) The description contained in subsection (a) of the 1 scope and value of the benefits to be provided under health 2 benefits plans shall not be construed to preclude the provision 3 of alternative benefits under such plans. The Commission 4 may authorize, in lieu of the benefits described in subsection 5 (a), alternative benefits which it determines to be equally 6 acceptable under this Act and which may include deductible 7 and coinsurance provisions applicable to some or all of the 8 alternative benefits. 9

CONTRACTING AUTHORITY

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Sec. 6. (a) The Commission is authorized, without re-11 gard to section 3709 of the Revised Statutes or any other 12 provision of law requiring competitive bidding, to enter into, 13 14 or authorize enrollment under, a contract or contracts with 15 or to purchase a policy or policies from, qualified carriers 16 offering plans described in section 4 and providing the benefits described in section 5. Each such contract or policy 17 18 shall be for a uniform term of at least one year, but may be 19 made automatically renewable from year to year in the ab-20 sence of notice of termination by either party.

(b) Any contract or policy under this Act shall contain a detailed statement of benefits offered and shall include such maximums, exclusions, and other definitions of benefits as the Commission may deem necessary and desirable.

- 1 (c) The Commission shall prescribe regulations fixing
- 2 reasonable minimum standards for health benefit plans de-
- 3 scribed in section 4 and for carriers offering such plans. The
- 4 Commission shall not approve any plan or enter into a con-
- 5 tract with or purchase a policy from any carrier unless such
- 6 plan or such carrier, as the case may be, complies with such
- 7 standards. Approval of such a plan shall not be withdrawn
- 8 except after notice and opportunity for hearing to the carrier
- 9 or carriers and to the employees concerned.
- 10 (d) No contract shall be made, policy purchased, or
- 11 plan approved, which excludes employees or annuitants
- 12 because of race, sex, health status, or, at the time of the
- 13 first opportunity to enroll, because of age.
- 14 (e) No health benefits plan shall be approved which
- 15 does not offer to employees and annuitants, whose enroll-
- 16 ment in the plan is terminated, other than by a cancellation
- 17 of enrollment, the option to convert, without evidence of
- 18 good health, to individual contracts providing health bene-
- 19 fits. An employee or annuitant who exercises this option
- 20 shall pay the full cost of the individual contract, on such
- 21 terms or conditions as are prescribed by the carrier and
- 22 approved by the Commission.
- 23 (f) The benefits and coverage made available pursuant

- 1 to the provisions of paragraph (e) shall be noncancelable
- 2 by the carrier as to any individual, except for fraud, over-
- 3 insurance, or nonpayment of premiums.
- 4 (g) Subscription charges and premiums under health
- 5 benefits plans described in section 4 shall reasonably and
- 6 equitably reflect the cost of the benefits provided.

7 CONTRIBUTIONS

- 8 Sec. 7. (a) (1) If an employee or annuitant enrolls
- 9 in a health benefits plan under this Act for himself only
- 10 there shall be withheld from the salary of such employee,
- 11 or annuity of such annuitant, as his contribution an amount
- 12 not to exceed \$1.75 biweekly, and the Government shall
- 13 contribute a like amount.
- 14 (2) Except as provided in paragraph (3), if an em-
- 15 ployee or annuitant enrolls in a health benefits plan under
- 16 this Act for himself and members of his family there shall
- 17 be withheld from the salary of such employee, or the annuity
- 18 of such annuitant, as his contribution an amount not to ex-
- 19 ceed \$4.25 biweekly, and the Government shall contribute
- 20 a like amount.
- 21 (3) If a member of the family of a female employee or
- 22 annuitant who enrolls in a health benefits plan under this
- 23 Act for herself and members of her family is a husband,
- 24 other than a dependent husband, there shall be withheld
- 25 from the salary of such employee or annuitant as her con-

- 1 tribution an amount not to exceed \$6 biweekly, and the
- 2 Government shall contribute an amount not to exceed \$2.50
- 3 biweekly.
- 4 (b) An employee enrolled in a health benefits plan
- 5 under this Act who is placed in a leave without pay status
- 6 may be authorized to continue his coverage, and the coverage
- 7 of members of his family, under such plan for a period not
- 8 to exceed one year in accordance with regulations prescribed
- 9 by the Commission. Such regulations may provide for
- 10 waiving the requirement of contributions by the employee
- 11 and the Government for all or any part of the period of
- 12 leave without pay.
- (c) The sums authorized to be contributed by the Gov-
- 14 ernment with respect to any employee shall be paid from
- 15 the respective appropriation or fund which is used for pay-
- 16 ment of his salary, wage, or other compensation (or, (1)
- 17 in the case of an elected official, from such appropriation or
- 18 fund as may be available for payment of other salaries of the
- 19 same office or establishment, and (2) in the case of an
- 20 employee in a leave without pay status, from the appropria-
- 21 tion or fund which would be used for the payment of the
- 22 salary of such employee if he were in a pay status). The
- 23 sums authorized to be contributed by the Government with
- 24 respect to any annuitant shall be paid from annual appro-

- 1 priations which are hereby authorized to be made for such
- 2 purpose.
- 3 (d) The Commission shall provide by regulation for
- 4 conversion of rates of contribution specified in this section in
- 5 the case of employees paid on other than a biweekly basis,
- 6 and for such purpose may provide for adjustment of any
- 7 such rate to the nearest cent.
- 8 FEDERAL EMPLOYEES HEALTH BENEFITS FUND
- 9 Sec. 8. There is hereby created a Federal Employees
- 10 Health Benefits Fund, hereinafter referred to as the "Fund",
- 11 which is hereby made available without fiscal year limitation
- 12 for the payment of all premiums or subscription charges
- 13 under policies or contracts purchased or entered into under
- 14 section 6. The amounts withheld from the salaries of em-
- 15 ployees and the annuities of annuitants, and the amounts
- 16 contributed by the Government toward the cost of health
- 17 benefits for such employees and annuitants, shall be paid into
- 18 the Fund. The income derived from any dividends, premium
- 19 rate credits or other refunds shall be credited to and constitute
- 20 a part of the Fund. There shall be set aside in the Fund
- 21 from time to time such amounts, not to exceed 1 per centum
- 22 of the amounts paid into the Fund for any fiscal year, as may
- 23 be necessary to pay administrative expenses for such year.
- 24 Any amounts remaining in such Fund after all premium or
- 25 subscription charges have been paid, and after the amounts

- 1 referred to in the preceding sentence have been set aside,
- 2 shall be retained as a special reserve for adverse fluctuations
- 3 in future charges, or may be applied to reduce the contribu-
- 4 tions of employees and the Government to, or to increase the
- 5 benefits provided by, the plan from which such amounts are
- 6 derived, as the Commission shall from time to time deter-
- 7 mine. The Secretary of the Treasury is authorized to invest
- 8 and reinvest any of the moneys in the Fund in interest-bearing
- 9 obligations of the United States and to sell such obligations of
- 10 the United States for the purposes of the Fund. The in-
- 11 terest on and the proceeds from the sale of any such obliga-
- 12 tions shall become a part of the Fund.

13 ADMINISTRATIVE EXPENSES

- 14 Sec. 9. (a) There are hereby authorized to be expended
- 15 from the Employees' Life Insurance Fund, without regard
- 16 to limitations on expenditures from that Fund, for fiscal
- 17 years 1960 and 1961, such sums as may be necessary to pay.
- 18 administrative expenses incurred by the Commission in
- 19 carrying out the health benefits provisions of this Act. Reim-
- 20 bursements to the Employees' Life Insurance Fund for
- 21 sums so expended shall be made from the Federal Employees
- 22 Health Benefits Fund.
- 23 (b) The Federal Employees Health Benefits Fund is
- 24 hereby made available, within such limitations as may be

- 1 specified annually by the Congress, to pay such expenses
- 2 for fiscal year 1961 and subsequent fiscal years.
- 3 REGULATIONS
- 4 Sec. 10. (a) The Commission is authorized to promul-
- 5 gate such regulations as may be necessary to carry out the
- 6 provisities of this Act.
- 7 (b) Regulations of the Commission shall include regu-
- 8 lations with respect to the beginning and ending dates of
- 9 coverage of employees and annuitants and members of their
- 10 families under health benefit plans, and for such purpose may
- 11 permit such coverage to continue until the end of the pay
- 12 period in which an employee is separated from service or
- 13 until the end of the month in which an annuitant ceases to be-
- 14 entitled to annuity, and in case of the death of such employee
- or annuitant may permit the coverage of the members of his
- 16 family for a period not to exceed ninety days.
- (c) Regulations of the Commission shall provide that
- 18 any employee enrolled in a plan under this Act who is re-
- 19 moved or suspended without pay and later reinstated or
- 20 restored to duty on the ground that such removal or suspen-
- 21 sion was unjustified or unwarranted shall not be deprived of
- 22 coverage or benefits for the interim but shall have his cover-
- 23 age restored to the same extent and effect as though such
- 24 removal or suspension had not taken place, and appropriate
- 25 adjustments shall be made in accordance with such regula-

- 1 tions in premiums, subscription charges, contributions, and2 claims.
- 3 Regulations of the Commission shall provide for making available to each employee and annuitant eligible to 4 5 enroll in a health benefits plan under this Act such information as may be necessary to enable such employee or annui-6 tant to exercise an informed choice among the types of 7 plans referred to in section 4. Such regulations shall also 8 9 provide for the issuance to each employee and annuitant 10 enrolled in such a health benefits plan of an appropriate certificate setting forth the services or benefits to which the 11 employee or annuitant, or the employee or annuitant and 12 members of his family, are entitled thereunder, the person 13 or persons to whom monetary benefits shall be payable, the 14 procedure for submitting claims, and the principal provi-15 sions, or summaries thereof, of the plan affecting the em-16 ployee or annuitant or members of his family. 17

18 STUDIES BY COMMISSION

SEC. 11. (a) The Commission shall make a continuing study of the operation and administration of this Act, including surveys and reports on health benefits plans available to employees and annuitants and on the experience of such plans, with respect to such matters as gross and net costs, administrative costs, benefits claimed and provided, utilization of benefits, the extent to which the economic use

- 1 of benefits herein provided is assured, and the portion of
- 2 the actual personal expenditures of Federal employees and
- 3 annuitants for health care which is being met by prepaid
- 4 benefits.
- 5 (b) The Commission shall include provisions in con-
- 6 tracts with carriers which would require carriers to (1)
- 7 furnish such reasonable reports as the Commission deter-
- 8 mines to be necessary for the satisfactory completion of the
- 9 studies enumerated in subsection (a) with respect to gross
- 10 and net costs, administrative costs, benefits claimed and pro-
- 11 vided, utilization of benefits, and (2) permit the Commission
- 12 or its representatives and representatives of the General Ac-
- 13 counting Office to examine such records of the carriers as may
- 14 be necessary for verification of the information contained
- 15 in the carrier's reports.
- 16 (c) Employing agencies shall keep such records and
- 17 furnish the Commission with such information and reports
- 18 as may be necessary to enable it to carry out its functions
- 19 under this Act.
- 20 ADVISORY COUNCIL
- SEC. 12. (a) There is hereby established a Federal
- 22 Employees Health Benefits Advisory Council which shall
- 23 consist of the following:
- 24 (1) the Secretary of Labor;
- 25 (2) the Director of the Bureau of the Budget;

1	(3) the Surgeon General of the Public Health
2	Service;
3	(4) the Chief of the Bureau of Medicine and Sur-
4	gery of the Veterans' Administration;
5	(5) one member to be appointed by the President
6	who shall be representative of the public;
7	(6) three members to be appointed by the Presi-
8	dent from among representatives of national employee or-
9	ganizations;
10	(7) three members to be appointed by the Presi-
11	dent who shall be representative of university schools
12	of medicine, hospital administration, and public health,
13	respectively.
14	The Advisory Council shall select a Chairman and a Vice
15	Chairman from among its members. Each member of the
16	Advisory Council referred to in clauses (1) to (4), inclu-
17	sive, may designate an alternate to attend meetings and par-
18	ticipate in activities of the Advisory Council in the place of
19	such member. Members of the Advisory Council referred to
20	in clauses (5) to (7), inclusive, shall be appointed for terms
21	of three years.
22	(b) It shall be the duty of the Advisory Council (1)
23	to make studies from time to time of the operation and ad-
24	ministration of this Act (2) to receive reports and informa-

25 tion with respect thereto from the Commission, carriers, and

- 1 employees and their representatives, (3) to ascertain from
- 2 time to time the status of the Federal Employees Health
- 3 Benefits Fund, including the establishment and maintenance
- 4 of any balances or reserves, (4) to consult with and advise
- 5 the Commission in regard to the administration of this Act,
- 6 and (5) to make recommendations with respect to the
- 7 amendment of this Act or improvements in its administration.
- 8 No contracts shall be awarded, renewed, or terminated and
- 9 no regulation shall be promulgated, for the purpose of carry-
- 10 ing out this Act, unless copies of proposed drafts thereof
- 11 shall have been furnished to the Advisory Council.
- (c) Members of the Council referred to in clauses (5)
- 13 to (7), inclusive, who are not otherwise in the employ of
- 14 the United States shall be entitled while attending meetings
- 15 of the Advisory Council, including travel time, to receive
- 16 compensation at a rate to be fixed by the Commission, but
- 17 not exceeding \$50 per diem, and while away from their
- 18 homes or regular places of business they may be allowed
- 19 travel expenses, including per diem in lieu of subsistence,
- 20 as authorized by law (5 U.S.C. 73b-2) for persons in the
- 21 Government service employed intermittently.
- (d) The Advisory Council shall be convened by the
- 23 Commission within thirty days after the members referred
- 24 to in clauses (5) to (7) have been appointed, and there-
- 25 after shall meet not less often than quarterly, on call of

- 1 the Commission or on request of any three members of the
- 2 Advisory Council.
- 3 BUREAU OF RETIREMENT AND INSURANCE
- 4 Sec. 13. There is hereby established in the Civil Service
- 5 Commission a Bureau of Retirement and Insurance, which
- 6 shall perform such of the functions and duties of the Com-
- 7 mission with respect to retirement, life insurance, and health
- 8 benefits programs as the Commission shall prescribe. The
- 9 Bureau shall be headed by a Director. Except as provided
- 10 in the second and third sentences of the last paragraph of the
- 11 first section of the Act of January 16, 1883, the Director
- 12 shall be responsible only to the Chairman of the Commission
- 13 with respect to the matters transferred to the Chairman by
- 14 the provisions of section 2 (a) (2) to 2 (a) (6), inclusive, of
- 15 Reorganization Plan Numbered 5 of 1949. The position of
- 16 Director shall be placed in grade 18 of the General-Schedule
- of the Classification Act of 1949, as amended. Such posi-
- 18 tion shall be in addition to the number of positions otherwise
- 19 authorized by law to be placed in such grade.

20 JURISDICTION OF COURTS

- 21 SEC. 14. The district courts of the United States shall
- 22 have original jurisdiction, concurrent with the Court of
- 23 Claims, of any civil action or claim against the United States
- 24 founded upon this Act.

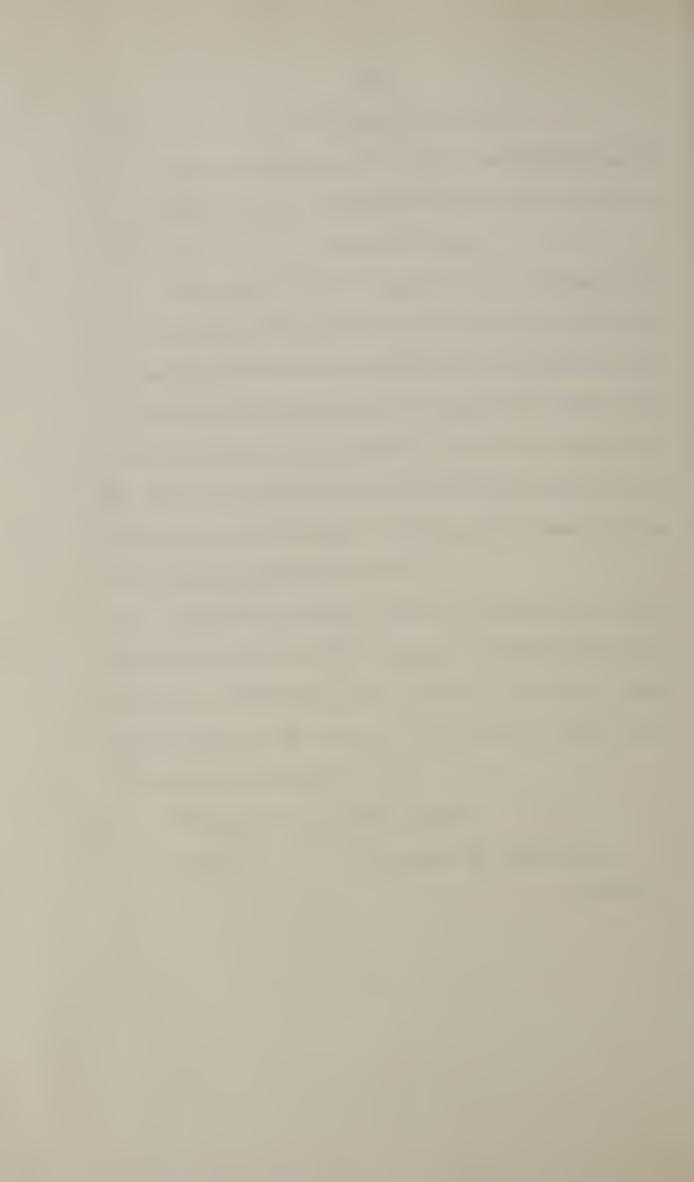
Т	REPORTS TO CONGRESS
2	Sec. 15. The Commission shall transmit to the Congress
3	annually a report concerning the operation of this Act.
4	EFFECTIVE DATE
5	Sec. 16. (a) The Commission shall transmit to the
6	Committee on Post Office and Civil Service of the Senate
7	and the Committee on Post Office and Civil Service of the
8	House of Representatives not later than May 1, 1960, copies
9	of any contracts proposed to be entered into, policies pro-
10	posed to be purchased, and regulations proposed to be pro-
11	mulgated, for the purpose of placing into operation health
12	benefits plans under this Act.
13	(b) The provisions of this Act relating to the enroll-
14	ment of employees and annuitants in health benefits plans
15	and the withholding and payment of contributions shall
16	take effect on the first day of the first pay period which
17	begins on or after July 1, 1960.
	Passed the Senate July 16, 1959.

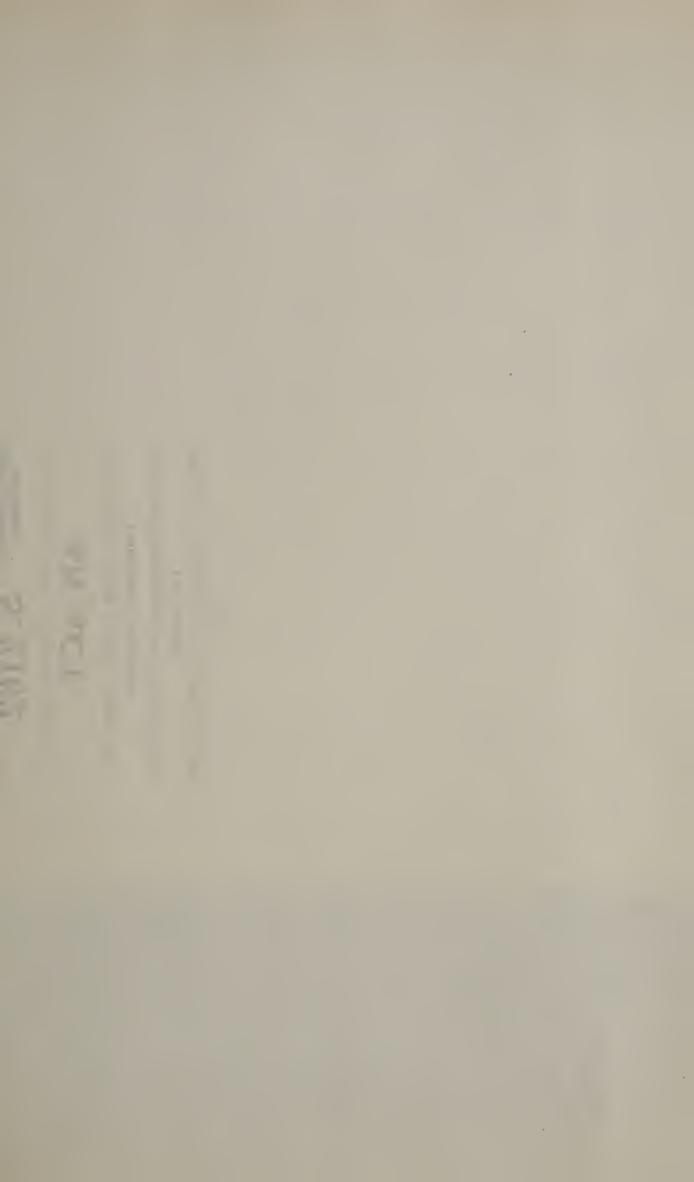
Attest:

FELTON M. JOHNSTON,

Secretary.





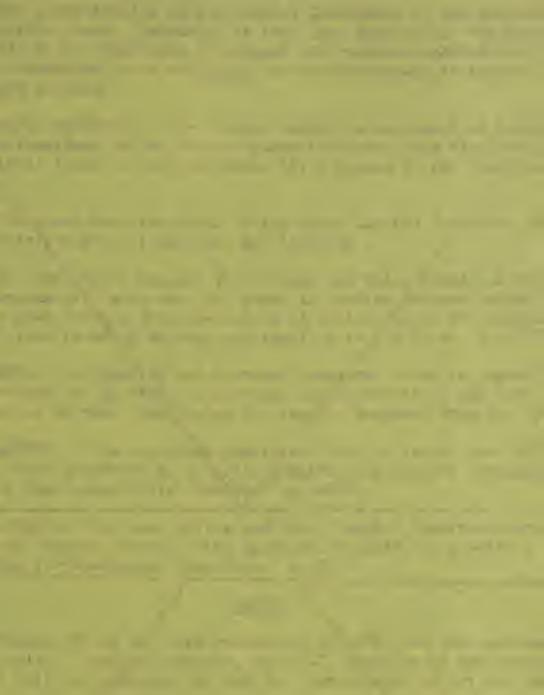


AN ACT

To provide a health benefits program for Government employees.

JULY 20, 1959

Referred to the Committee on Post Office and Civil Service





TIOUSE acquest 18, 1959

- 7. FAIRS; EXHIBITS. Passed as reported H. R. 8374, to authorize the appropriation of funds for participation of the Federal Government in the Century 21 Exposition in Seattle, Wash., beginning in 1961 (pp. 14850-63). The committee peport on this bill states that this Department will provide exhibits on breeding and genetics, demonstration of new crops and new techniques in improving apimals, and new food sources.
- 8. VETO AUTHORITY; BUDGETING. Rep. Curtin urged the enactment of legislation to "permit the President of the United States to approve and disapprove, separately, any individual items in appropriations bills passed by the Congress. p. 14902
- 9. LOBBYING. Received from the Clerk of the House and the Secretary of the Senate the quarterly report on lobbying. pp. 14907-38
- 10. FOOD STAMPS. The 'Daily Digest' states that the Rules Committee deferred action on the granting of a rule on H. R. 1359, to provide for the establishment of a food-stamp plan for the distribution of \$1 billion worth of surplus food commodities a year to needy persons and families in the U.S. p. D786
- 11. MIALL BUSINESS. The Banking and Currency Committee voted to report (but did not actually report) H. R. 8590, to increase the authority of the Small Business Administration to make loans under its regular business program. p.D785
- 12. WATER DEVELOPMENT. The Judiciary Committee voted to report (but did not actually report) with amendment H. R. 5711, granting the consent and approval of Congress to the Wabash Valley Compact. p. D786
- 13. PERSONNEL; HEALTH. The Post Office and Civil Service Committee voted to report (but did not actually report) with amendment S. 2162, to provide a health benefits program for Government employees.

SENATE

- 14. HOUSING. Passed, 71 to 24, with amendments S. 2539, the new housing bill (pp. 14790-815). Earlier rejected, 28 to 67, a motion by Sen. Bennett to recommit the bill to committee (p. 14812). See Digest 140 for the portion of the bill of interest to this Department.
- 15. FORESTRY; CONSERVATION. Received from the Secretary of the Army and the Secretary of Agriculture a letter reporting the intention of the Department of the Army and the Pepartment of Agriculture to interchange juxisdiction of military and national forest lands within the Lucky Peak Reservoir project, Idaho, and the Boise National Forest (with an accompanying report). pl 14749

Sen. Podd urged Congressional action on S. 2549, to declare a national policy on conservation, development, and utilization of natural resources, and stated that the bill would "provide for two important continuing groups to make annual studies and reports on the complete natural resource picture." wayhed that "We have cut 90 percent of our virgin timber stand in the commercal forest area. The erosion of our soil and the consequent destruction of agricultural lands has been a national calamity." p. 14823

CONSERVATION CORPS. Sen. Mansfield inserted a letter from Sen. Murray to Secretary Benson urging the Secretary to restudy and support S. 812, the Youth Conservation Corps bill, and referring to the 'excellent' photographs furnished by this Department, which "convinced ... at least five Senators ... of the merit of this bill." p. 14755

17. LANDS; LEASING. Conferees were appointed on H. R. 6939, to increase the area of public lands in Alaska which may be held under coal lease by any one person or firm. p. 14790

The Interior and Insular Affairs Committee voted to report (but did not actually report) with amendments S. 2181, to amend the Mineral Leasing Act of 1920, to modify oil, gas, coal, and other mineral leasing requirements and conditions. p. D782

S. 1514, to remove the limitation on the authorization for appropriations for the investigation of the water resources of Alaska, was made the unfinished

business.\ pp. 14786, 14827

- 18. SCIENCE; RESEARCH. The Labor and Public Welfare Committee voted to report (but did not actually report) with amendment S. 2468, to amend the National Science Foundation Act of 1950 to strengthen scientific research. p. D783
- 19. COLOR ADDITIVES. The Labor and Public Welfare Committee voted to report (but did not actually report) S. 2197, the proposed Color Additives Amendments for 1959. p. D783
- 20. CREDIT UNIONS. Sen. Robertson announced that hearings will be held Fri., Aug. 21, on various bills to amend the Federal Credit Union Act. p. 14754
- 21. FOREIGN AID. Sen. Mansfield inserted an article and his correspondence with the State Department discussing the functions of the Inspector General of the foreign aid programs, and contended that under legislation recently enacted "The Inspector General is made responsible for the review of any and all aspects of the foreign aid program." pp. 14755-6

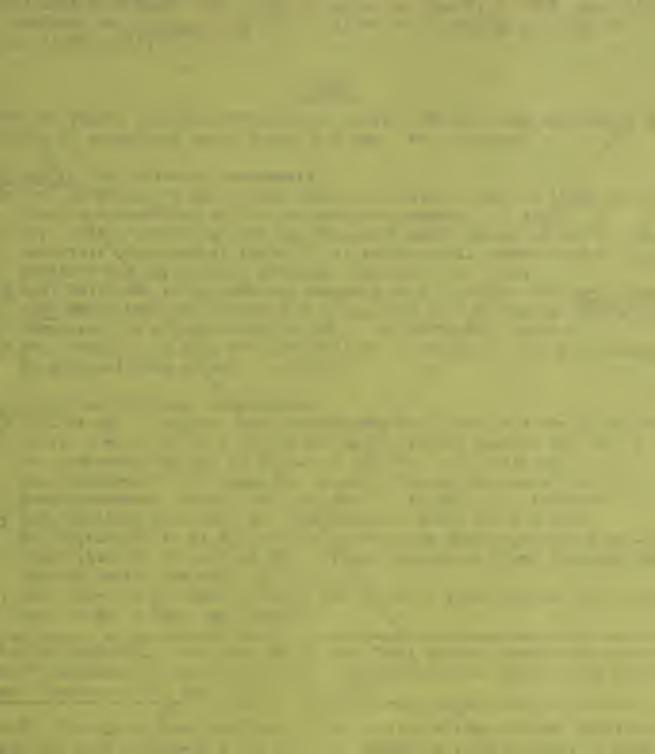
Sen. Schoeppel expressed his "apprehension and concern about the impact of our foreign aid and foreign trade policies upon American industry and upon American labor," and inserted several articles on the subject. pp. 14821-3

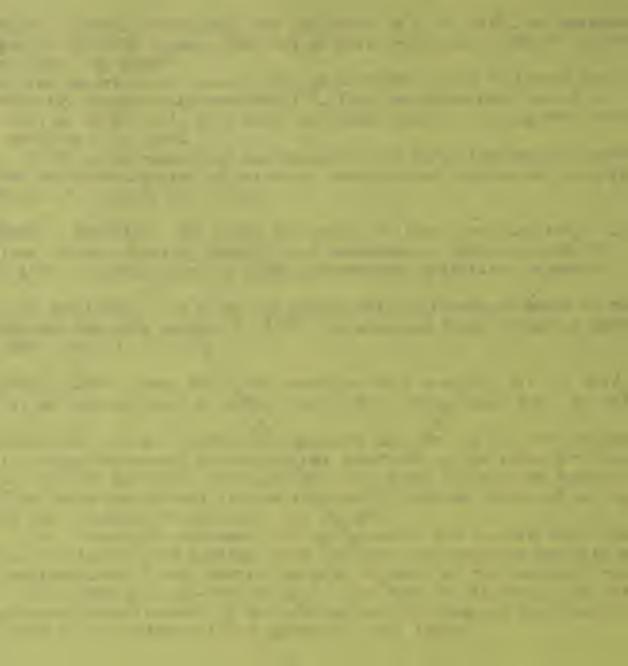
Sen. Mansfield inserted an article, "A kund for Freedom," discussing the proposed establishment of an International Development Association to provide loans to aid underdeveloped countries. pp. 14826-7

- 22. LEGISLATIVE APPROPRIATION BYLL FOR 1960. Received and agreed to the conference report on this bill, H. R. 7453 (pp. 14817-9). This bill will now be sent to the President.
- 23. PRICES; INFLATION. Sen. Kefauver stated that he was "disturbed" over what he termed a shift in emphasis made by the President's Cabinet Committee on Price Stability for Economic Growth from the need for price stability and inflation control to the need for economic growth, and he contended that the change in emphasis "reflects a weakening of the administration stand against inflation." He inserted a statement evaluating the use of certain price indexes in showing inflationary trends. pp. 14770-2
- 24. LEGISLATIVE PROGRAM. Sen. Johnson received consent to provide for the call of the calendar today (Aug. 19), beginning with S. 1711, the proposed International Food for Peace Act of 1959, and Sen. Johnson stated that it may be possible to consider a <u>Public Law 480</u> bill and S. 2524, to prevent, under certain conditions, States or political subdivisions from imposing on a person a net income tax on income derived from interstate commerce. pp. 14749, 14815

ITEMS IN APPENDIX

25. FARM PROGRAM. Extension of remarks of Sen. Neuberger stating that "the American farmer, of late, has been suffering what might be called a bad press," and inserting an editorial, "The Farmer's Public Relations." pp. A7107-8





aug. 20, 1959

12. LEGISLATIVE PROGRAM. Sen. Johnson announced that H. R. 8575, the military construction appropriation bill, will be considered today, Aug. 21. pp. 15137, 15167

HOUSE

13. FOREIGN TRADE; SURPLUS COMMODITIES. Passed, 305-53, with amendment's H. R. 8609, to extend and amend Public Law 480. pp. 15184-220

Agreed to the following amendments:

By Rep. McIntire, to make clear that a provision regarding labeling of donated commodities applies to donations abroad. p. 15198

By Rep. Latta, providing that the Secretary shall encourage barter for materials processed in the U.S. if agricultural commodities to be bartered are exported to friendly countries. p. 15199

By Rep. Sullivan, to include the language of H. R. 1359, the food stamp plan which had been reported as a separate bill by the Agriculture Committee, by a vote of 232 to 127. pp. 15198-213, 15218-9

By Rep. Whitten, to make the availability of foreign currencies subject to appropriation action. p. 15213

Rejected the following amendments:

- By Rep. Keogh, to require that commodities be delivered directly to the export vessels at U. S. ports (so as to prevent certain use of the St. Lawrence Seaway), by a vote of 184-142. pp. 15184-98
 By Rep. Machrowicz, to exempt St. Lawrence Seaway shipments from the
- Keogh amendment (above), by a vote of 71 to 108. pp. 15186-98

 By Rep. Whitten, to reduce the authorization under title I from \$1,500,000,000 to \$1,250,000,000 in order to encourage more surplus commodities to be sold at world prices instead of being disposed of through Public Law 480. pp. 15213-5

By Rep. Quie, to continue titles I and IX for 2 years instead of 1, by a pp./15216-7 vote of 69 to 109.

- 14. HEALTH; PERSONNEL. The Post Office and Civil Service Committee reported with amendment S. 2162, to provide a health benefits program for Government employees (H. Rept. 957). p. 15252
- 15. HOGS. The Agriculture Committee voted to report (but did not actually report) with amendment H. R. 8394, to authorize the Secretary to make market incentave payments on lightweight hogs. p. D8Q3
- 16. RECLAMATION. The Interior and Insular Affairs Committee voted to report (but did not actually report) with amendment H. R. 4279, to construct and maintain the lower Rio Grande rehabilitation project, Texas LaFeria division; and without amendment II. R. 4952, to amend the act authorizing the Crooked River Federal reclamation project, Oregon, in order to increase the capacity of certain project features for future irrigation of additional lands. p. D803
- HALL OF FAME. A subcommittee of the Judiciary Committee voted to report 17/ with amendment H. R. 5789, to incorporate the Agricultural Hall of Fame. p. D804
- 18. CLAIMS. Received from the Secretary of Commerce a letter transmitting a report of all claims paid by the Department of Commerce during fiscal year 1959, pursuant to the Federal Tort Claims Act; to Judiciary Committee. p. 15252

- 19. EXPORT CONTROL. Received from the Secretary of Commerce a letter transmitting the 48th Quarterly Report on Export Control; to Banking and Currency Committee. p. 15252
- 20. CENSUS. Rep. Porter discussed the taking of the census of the U.S. for 1960, urged that "every semblance of political influence" be removed from the project, and inserted extraneous matter on this subject including a newspaper item which named Don Quesinberry as the Secretary's choice for organizing the taking of the agriculture census in his county. pp. 15237-41
- 21. TEXTILES. Rep. Lane criticized the policy of reciprocal trade, discussed it's effect on the textile industry, and inserted a speech Rep. Dorn, S.C., on this subject. p. 15225-6
- 22. LEGISLATIVE PROGRAM. Rep. McCormack announced that the following bills will be considered on Monday: H. R. 1341, relating to safety standards for Government passenger-carrying motor vehicles; and H. Con. Res. 177, declaring the sense of Congress on the depressed domestic mining and mineral industries. pp. 15182-3, 15223
- 23. ADJOURNED until Mon., Aug. 24. p. 15252

ITEMS IN APPENDIX

- 24. PROPERTY. Extension of remarks of Sen. Viley urging early consideration of the proposed bill which would provide that under certain conditions the Government would make payments to communities in lieu of the taxes that would normally have derived from Faderal property in the area. p. A7190
- 25. TEXTILES. Rep. Hemphill inserted an editorial urging that imports of textiles be strictly controlled. pp. A7190-1
- 26. RECLAMATION. Sen. Engle inserted an editorial, "Reclamation Projects Yield Wide Variety of Essential Benefits." pp. AX192-3
 - Extension of remarks of Rep. Edmondson expressing his approval of the funds provided for the general engineering studies of the Arkansas River and inserting an address by Gen. Whipple, Army Engineers, on this subject. pp. A7219-21
- 27. CONSERVATION. Extension of remarks of Rep. Stratton unging passage of the Youth Conservation Corps bill and stating that "no finer job could be performed by Congress than passing this legislation before we adjourn for this session." p. A7193
- 28. SURPLUS COMMODITIES. Extension of remarks of Sen. Humphrey stating that his office has received more than 11,000 communications in support of the proposed Great White Fleet, and inserting an editorial, "An Idea Worth Considering." p. A7196
- 29. LANDS; FORESTS. Rep. Berry inserted an editorial, "Operation Bootstrap for Indians," supporting the plan for Indian self-help. pp. A7201-2

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GOVERNMENT EMPLOYEES HEALTH BENEFITS PROGRAM .

AUGUST 20, 1959.—Committed to the Committee of the Whole House on the State of the Union and ordered to be printed

Mr. Murray, from the Committee on Post Office and Civil Service, submitted the following

REPORT

[To accompany S. 2162]

The Committee on Post Office and Civil Service, to whom was referred the bill (S. 2162) to provide a health benefits program for Government employees, having eonsidered the same, report favorably thereon with an amendment and recommend that the bill as amended do pass.

AMENDMENT

The amendment proposed by the committee to S. 2162 strikes out all after the enacting clause and inserts in lieu thereof a substitute text which appears in italic type in S. 2162, as reported by the committee of the House. A discussion of the effect of this proposed amendment is contained in the explanation of the bill, as reported.

STATEMENT

PURPOSE

The general purpose of this legislation is to facilitate and strengthen the administration of the activities of the Government generally and to improve personnel administration in the Government by providing a measure of protection for eivilian Government employees against the high, unbudgetable, and, therefore, financially burdensome eosts of medical services through a comprehensive Government-wide program of insurance for Federal employees and their dependents, the costs of which will be shared by the Government, as employer, and its employees.

At the present time, a wide gap exists between the Government, in its capacity of employer, and employers in private enterprise, with

respect to health benefits for employees. Enlightened, progressive private enterprise almost universally has been establishing and operating contributory health benefit programs for its employees. Until

now, the Government has made scant progress in this area.

This bill is designed to close the gap which now exists and bring the Government abreast of most private employers. It will enable Government employees to purchase protection, at a cost which is within their means, from the unanticipated and usually oppressive costs of medical care and treatment in the event of sickness or injury, as well as the often crushing expense of so-called catastrophic illness or serious injury. Availability of this health protection program to Government employees will be of material assistance in improving the competitive position of the Government with respect to private enterprise in the recruitment and retention of competent civilian personnel so urgently needed to assist in maintaining and improving our strong national defense and in the operation of other essential Government programs.

The addition of the health insurance program provided by the bill to the existing fringe benefits package for Government employees—which currently includes retirement and survivor annuities, group life insurance, annual and sick leave, compensation for job-connected injury or death, and other benefits—will fill a long, keenly felt need and will place the Government on a substantially equal level with

progressive industry in respect to employee fringe benefits.

Legislation to establish a health benefits program for Federal employees has been before the Post Office and Civil Service Committee in each Congress beginning with the 83d. Hearings were held in 1956 on an administration proposal to provide Federal employees protection against the bankrupting expenses of extended castastrophic illness of injury, with the Government sharing the cost. The reported bill incorporates the outstanding feature of that plan—"major medical" protection against the expense of castastrophic illness or injury—and, in addition, provides protection for basic health needs. Thus the bill affords Federal employees an opportunity to obtain comprehensive insurance for health services at moderate cost.

The urgent need for a joint Government-employee health benefits program is emphasized by the fact that there is widespread and increasing recognition on the part of the public that both basic health and major medical insurance coverages are essential to protect wageearners and their families. In 1940, approximately 4 million individuals were enrolled in basic hospital plans; at the beginning of 1959 the number of individuals who had this protection had skyrocketed to 123 million—70 percent of the population. Similar spectacular increases have been recorded in surgical and regular medical programs. In the comparatively new field of major medical insurance, participation in plans offering this protection has virtually exploded from 700,000 in 1952 to 17 million in 1959. It is a source of concern to this committee that no more than a relative handful of Federal employees now have such major medical coverage. extremely important protection will be made available by the reported bill, along with the more generally prevalent basic coverage which now is held by approximately 70 percent of Federal employees.

COMMITTEE REVIEW OF PROGRAM

The committee emphasizes that the health benefits program provided by this legislation represents an entirely new area of Federal employees' fringe benefits in which the Government is without previous experience, and that extreme care will be necessary, particularly in the initial stages, to protect both the Government and its employees. The committee intends to conduct a continuing review of the operation of the program in order to carry out its responsibilities under section 136 of the Legislative Reorganization Act of 1946.

SUMMARY OF MAJOR PROVISIONS

The reported bill makes basic and catastrophic health protection available to approximately 2 million Federal employees and their Employees will have free choice among health benefits dependents. plans in four major categories, including (1) a Government-wide service benefit plan, such as is offered by Blue Cross-Blue Shield, (2) a Government-wide indemnity benefit plan, such as is currently offered by several insurance companies, (3) one of several employee organization plans, such as the present health plans of the National Association of Letter Carriers and the National Federation of Post Office Clerks, and (4) a comprehensive medical plan, which may be either a group-practice prepayment plan (such as the Kaiser Foundation plan in California and the Group Health Association plan in Washington, D.C.) or an individual-practice prepayment plan (such as the Group Health Insurance plan in New York). The Government-wide service benefit plan and the Government-wide indemnity benefit plan each will include at least two levels of benefits.

The reported bill retains the provisions of the Senate-passed bill (1) providing for 50 percent contribution by the Government to subscription charges and (2) establishing biweekly maximum contributions of \$1.75 for an individual employee, \$4.25 for an employee and family, and \$2.50 for a female employee and family including a non-

dependent husband.

Employees will be eligible for enrollment in health benefits plans without having to pass any physical examination and, in the event of their separation from Government service, may convert their coverage to a private health benefits plan without undergoing any physical examination. It is intended that each of the foregoing plans will provide a wide range of hospital, surgical, medical, and related benefits designed to afford the employees full or substantially full protection against expenses of both common and catastrophic illness or injury.

Responsibility and authority for administration of the health benefits program in the interest of both the employees and the Government is vested in the U.S. Civil Service Commission. The Commission will execute contracts with the Government-wide service plan carrier and the Government-wide indemnity plan carrier and will make suitable arrangements to place the other types of plans in effect through appro-

priate contracts or agreements.

Provision is made for the prime insurer under the Government-wide indemnity benefit plan to reinsure with such other qualified companies as may elect to participate, in accordance with an equitable formula.

Similar provision is made for the prime carrier under the Governmentwide service benefit plan to allocate its rights and obligations under its contract among such of its affiliates as may elect to participate.

No person will be excluded from participation in the health benefits program because of race, sex, health status, or (at the time of first

opportunity to cnroll) age.

With respect to the service benefit plan and the indemnity benefit plan, the reported bill requires the Commission to enter into contracts which call for premium rates that are competitive with those generally charged for a new group health insurance sold to large employers. For the premiums agreed upon, the Commission is charged with negotiating the best possible basic health and major medical benefits. These provisions are designed to assure maximum health benefits for employees at the lowest possible cost to themselves and to the Government.

The Government will contribute 50 percent to the subscription charge for each enrolled employee, but not more than certain amounts which the Commission may prescribe from time to time subject to (1) biweekly minimums of \$1.25 for an individual employee or annuitant, \$3 for an employee or annuitant and family, and \$1.75 for a female employee and family including a nondependent husband, and (2) biweekly maximums of \$1.75 for an individual employee, \$4.25 for an employee or annuitant and family, and \$2.50 for a female employee and family including a nondependent husband. The provisions for contributions are related to the service benefit plan and the indemnity benefit plan authorized by section 4 of the bill, thus permitting each employee to exercise independent judgment and obtain the plan which best suits his or her individual needs or family circumstances.

The bill provides for setting aside portions of total contributions (1) not exceeding 1 percent for administrative expenses, and (2) not exceeding 3 percent to provide a contingency reserve or margin for adjustment based on experience without seeking further legislation.

The Commission will make available to each employee eligible to enroll in a health benefits plan information which will enable the employee to exercise an informed choice among the various plans. Each employee will be issued an appropriate certificate summarizing

the benefits under the plan selected.

The bill authorizes the Chairman of the Civil Service Commission to appoint an advisory committee of five members, comprising employees enrolled under the act and elected officers of employee organizations. This committee (which will perform a solely advisory function) replaces the Advisory Council which would have been provided

by the Scnate bill.

The bill omits those parts of the Senate bill which would have (1) established a Bureau of Retirement and Insurance in the Civil Service Commission to administer the health benefits program along with the retirement and life insurance programs, and (2) required prior submission of health benefits contracts to the Post Office and Civil Service Committees of the Senate and the House of Representatives. In the judgment of the committee, the assignment of duties in connection with administration of the program should be left to the

discretion of the Civil Service Commission, which is responsible for success of the program. The committee is convinced that the prior submission of contracts would have tended to impede and interfere with progress in the establishment and operation of the program.

COST

On the basis of the formula, provided by section 7 of the reported bill, for a 50 percent Government contribution subject to certain limitations, the cost of the program for the first year of operation is estimated at \$214 million, of which approximately one-half will be paid by the Government.

ADMINISTRATIVE REPORTS

The reports of the Director of the Bureau of the Budget and the Chairman of the U.S. Civil Service Commission (directed to S. 2162 as passed by the Senate and submitted before the committee amendment was drafted) recommend approval of a health benefits program identical in principle to the program which will be established by the bill, as reported by this committee, except that such reports favor a Government contribution of 33½ percent in lieu of 50 percent as authorized by the reported bill. The Post Office Department, the Department of Health, Education, and Welfare, the Department of Defense, and the Comptroller General of the United States also submitted reports

favorable to the principles of the reported bill.

The committee points out that the Civil Service Commission, the Bureau of the Budget, major employee organizations, and leading companies and associations which now provide health benefits and will participate in this program, have agreed to the terms of the reported bill, in a spirit of compromise and cooperation, in order that an effective and financially sound Government employees health benefits program may become a reality at the earliest possible time. The committee desires to express its appreciation for this cooperation and joint endeavor to bring about a result in the general interest of the Government and all parties concerned. It is believed that the final agreement represented by the reported bill will receive overwhelming approval by Federal employees, full cooperation by the companies and associations which expect to participate, and support of the Government departments and agencies concerned.

The text of the reports of the Bureau of the Budget, the Civil Service Commission, the Department of Defense, the Department of Health, Education, and Welfare, and the General Accounting Office appear

immediately following the explanation of the bill, as reported.

EXPLANATION OF THE BILL, AS REPORTED

SHORT TITLE

The first section of the bill creates a short title which permits the provisions of this legislation to be conveniently cited as the "Federal Employees Health Benefits Act of 1959."

DEFINITIONS

Section 2 defines the technical terms used throughout the act, as follows:

Subsection (a) defines the term "employee" to include an appointive or elective officer or employee in or under the executive, judicial, or legislative branches of the U.S. Government and an employee of the District of Columbia government. Included within the definition are Members of Congress, the Official Reporters of Debates of the Senate and their employees, and employees of Gallaudet College. The definition of the term "employee" does not include members of the Armed Forces ("uniformed services") and noncitizen employees whose permanent duty stations are located outside the United States. Also excluded are employees of certain corporations which are under the supervision of the Farm Credit Administration, of which corporations any member of the board of directors is elected or appointed by private interests.

This definition will operate to provide coverage under the bill to the same groups of employees who are covered under the Federal Employees' Group Life Insurance Act of 1954, as amended, except that employees of the Tennessee Valley Authority, who have been specifically excluded from the definition, will not be covered. exclusion was made at the request of the Tennessee Valley Authority because employees of the Authority have their own contributory health benefits program which has been operating successfully.

Subsection (b) defines the term "Government" as meaning the Government of the United States of America to distinguish it from State and local governments.

Subsection (c) defines the term "annuitant" to include—

(1) an employee who retires on or after the effective date (July 1, 1960), mentioned in section 15, under the Civil Service Retirement Act or other retirement system for civilian employees, on an immediate annuity after 12 or more years of service or for disability;

(2) a member of a family who receives an immediate annuity as the survivor of a retired employee described in paragraph (1), or an employee who dies after completing 5 or more years of service;

(3) an employee who receives benefits under the Federal Employees' Compensation Act as a result of illness or injury to himself and who because of the illness or injury is determined by the Secretary of Labor to be unable to return to duty; and

(4) a member of a family who receives monthly compensation as

the surviving beneficiary of-

(A) an employee who dies of an illness or injury compensable under the Federal Employees' Compensation Act after 5 or more years of service, or

(B) a former employee who dies while receiving compensation benefits and is held by the Secretary of Labor to have been

unable to return to duty.

Subsection (d) defines the term "member of family" to include an employee's or annuitant's spouse;

his unmarried children under age 19, including—

(A) an adopted child, and

(B) a stepchild or recognized natural child who lives with him in a regular parent-child relationship; and

(C) his unmarried children, regardless of age, who are incapable of self-support because of a disability that existed prior to their reaching the age of 19.

Subsection (e) defines the term "dependent husband" to mean a husband who is incapable of self-support by reason of mental or physical disability which can be expected to continue for more than

1 year.

Subsection (f) defines the term "health benefits plan" as meaning essentially a group insurance policy, contract, agreement, or similar group arrangement provided by a carrier for the purpose of provid-

ing, paying for, or reimbursing expenses for health services.

Subsection (g) defines the term "carrier" to include a voluntary association, corporation, partnership, or other nongovernmental organization which provides, pays for, or reimburses the cost of health services under group insurance contracts, agreements, or similar group arrangements, in consideration of premiums or other periodic charges payable to the carrier. The definition includes a health benefits plan duly sponsored or underwritten by an employee organization.

Subsection (h) defines the term "Commission" as meaning the U.S. Civil Service Commission, to which is assigned the responsibility of

administering this legislation.

Subsection (i) defines the term "employee organization" to include an association or other organization of employees which—

(A) is national in scope or

(B) in which membership is open to all employees of a department or agency of the Government who are eligible to enroll in a health benefits plan

and which on or before December 31, 1959, applies to the Commission

for approval of a plan which it sponsors or underwrites.

In addition to the health benefits plans provided by national employee labor organizations, this language would include employee organization sponsored plans such as those of the Federal Bureau of Investigation, the National Security Agency, the U.S. citizen employees of the Panama Canal, the Foreign Service, the Central Intelligence Agency, and the Postal Hospital Association of St. Louis.

ELECTION OF COVERAGE

Section 3 provides generally for election of health benefits plans by

employees.

Subsection (a) permits an eligible employee to enroll, either as an individual or for self and family, in a health benefits plan approved by the Civil Service Commission. This subsection authorizes the Commission (1) to prescribe regulations fixing the time, manner, and conditions of eligibility for enrollment and (2) to exclude employees from enrolling on the basis of the nature and type of their employment or conditions pertaining thereto such as, but not limited to, short-term appointments, seasonal or intermittent employment, and employment of like nature. However, no employee may be excluded by the Commission's regulations solely on the basis of the hazardous nature of his job.

Subsection (b) permits an annuitant to continue his coverage after he retires if he was enrolled in a health benefits plan under the act for a period of not less than (A) the 5 years of service immediately preceding retirement or (B) the full period or periods of service between the date he first becomes eligible to enroll in a plan and the date on which he becomes an annuitant, whichever is shorter. This subsection also permits the survivor of a deceased employee or annuitant to continue his coverage if the survivor was enrolled as a member of the family at the time of the employee's or annuitant's death.

Where a husband and wife are both Federal employees, subsection (c) permits either one to enroll individually or to enroll for self and family and prohibits any person from enrolling both as an employee

or annuitant and as a member of the family.

Subsection (d) permits an employee or annuitant to change from individual to family coverage or vice versa at such time and under

such conditions as the Commission may prescribe.

Subsection (e) permits an employee or annuitant to transfer his enrollment from one health benefits plan to another at such time and under such conditions as the Commission may prescribe.

HEALTH BENEFITS PLANS

Section 4 authorizes the Commission to contract for or approve the

following licalth benefits plans:

(1) One Government-wide service benefit plan of the type commonly provided by Blue Cross-Blue Shield under which payment for medical services is made, insofar as possible, under contracts with hospitals, physicians, and other vendors of medical services. Where such payment is impracticable, it will be made directly to the employee.

(2) One Government-wide indemnity benefit plan such as is commonly provided by commercial insurance companies. Under this type of plan payment for medical services may be made directly to

the employee or directly to the vendor of the medical services.

(3) Employee organization plans which are sponsored or underwritten by employee organizations. To be eligible under the bill, the organization which sponsors or underwrites the plan must have had in operation a plan which provided health benefits to its members on July 1, 1959. Employees will be able to enroll in these employee organization plans only if at the time of enrollment they are members of the organization.

(4) Two types of comprehensive medical plans—(A) group-practice prepayment plans and (B) individual-practice prepayment plans.

The Government-wide service benefit plan and the Government-wide indemnity benefit plan will each offer two options providing varying levels of benefits at varying subscription charges so that every employee will have an unrestricted choice between the service type plan and the indemnity type plan and, within each plan, between benefits and subscription charges which best suit his family circumstances and his ability to pay.

An employee who belongs to an association which sponsors an employee organization plan will have the additional choice of enrolling in his association's plan. Employees who are located in areas in which a group-practice prepayment plan or an individual-practice prepayment plan operates will have the further choice of enrolling in

such a comprehensive medical plan.

TYPES OF BENEFITS

Section 5 stipulates that the benefits to be provided under the plans described in section 4 may be of the following types:

(1) Service benefit plan—
 (A) hospital benefits.
 (B) surgical benefits.

- (C) in-hospital medical benefits.(D) ambulatory patient benefits.
- (E) supplemental benefits.
 (F) obstetrical benefits.
 (2) Indemnity benefit plan—

(A) hospital care.

(B) surgical care and treatment.(C) medical care and treatment.

(D) obstetrical benefits.

(E) prescribed drugs, medicines, and prosthetic devices.

(F) other medical supplies and services.

(3) Employee organization plans—
Benefits of the types described in paragraph (1) or (2) or both.

(4) Comprehensive medical plans—

Benefits of the types described in paragraph (1) or (2) or both.

The general effect of section 6 is to authorize and require the Civil Service Commission to take appropriate action to contract, or to make other arrangements, for health-benefits plans.

CONTRACTING AUTHORITY

Subsection (a) authorizes the Civil Service Commission to negotiate contracts with qualified carriers offering plans described in section 4. The subsection requires each such contract to be for a uniform term of at least 1 year and permits the contract to be made automatically renewable from term to term in the absence of notice of termination by either party.

Paragraph (1) of subsection (b) requires the prime carrier for the indemnity benefit plan to be a company which is licensed to issue group health insurance in all the States and the District of Columbia.

Under the related authority to prescribe minimum standards for carriers, vested in the Civil Service Commission by subsection (d), it is expected that one of the standards for the prime indemnity carrier will be the volume of group health insurance business it has handled in the past. The Commission is expected to choose as a prime carrier a company that has by the volume of its operations demonstrated the experience and capacity necessary to handle what will undoubtedly be the largest policy of its kind in the world. In addition to requiring licensing in all the States and the District of Columbia, the Commission will presumably apply some volume-of-business test, such as requiring that the carrier selected shall, in the most recent year for which data are available, have made at least 1 percent of all group health insurance benefit payments in the United States.

Paragraph (2) of subsection (b) requires the prime earrier of the indomnity benefit plan to reinsure with such other companies as may elect to participate, in accordance with an equitable formula based on the total amount of their group health insurance payments in the United States during the latest year for which such information is available. The reinsurance formula is to be determined by the earrier and approved by the Commission. Under paragraph (2) the prime carrier for the service benefit plan is similarly required to allocate its rights and obligations among such of its affiliates as may elect to participate, in accordance with an equitable formula which the earrier and its affiliates will determine and which the Commission will approve.

This practice of reinsuring and allocating rights and obligations follows closely the policy laid down by the Congress in the Federal Employees' Group Life Insurance Act of 1954 and ensures that all qualified companies and organizations which are engaged in providing protection against the cost of health services will share equitably in the contracts to be negotiated under this act, if they desire to do so.

Subsection (c) requires that any contract negotiated by the Civil Service Commission shall contain a detailed statement of benefits offered and include such maximums, limitations, exclusions and other definition of benefits as the Commission may deem necessary or desirable.

Subsection (d) authorizes the Civil Service Commission to prescribe regulations fixing minimum standards for participating health benefits

plans and for earriers offering such plans.

Subsection (e) prohibits the Civil Service Commission from entering into any contract or approving any plan which excludes employees or annuitants, or members of their families, because of race, sex, health status, or, at the time of the first opportunity to enroll, because

of age.

Subsection (f) requires each plan approved by the Commission to permit an employee or annuitant whose enrollment in the plan is terminated, other than by his voluntary eaneellation of enrollment, to eonvert from group eoverage to individual eoverage. It is expected that when the group eoverage of an employee or annuitant terminates, he will have eontinued temporary protection for 31 days without current contributions so that he may have reasonable opportunity to eonvert to individual eoverage and thus avoid an interruption in his protection against the cost of health services. The terms or conditions under which the employee or annuitant may convert will be prescribed by the earrier and approved by the Civil Service Commission and the employee will have to pay the periodic charges of the converted coverage directly to the earrier.

Subsection (g) requires that the converted coverage shall, at the option of the employee or annuitant, be noncancellable by the earrier except for fraud, overinsurance, or nonpayment of periodic charges.

Subsection (h) stipulates that the premiums to be charged by the earriers for approved health benefits plans shall reasonably and equitably reflect the cost of the benefits provided. The subsection requires that the premiums for the service benefit plan and the indemnity benefit plan be determined on a basis which, in the judgment of the Civil Service Commission, is consistent with the lowest schedule of basic rates generally charged for new group health benefits plans

issued to large employers. This subsection further requires that premium rates determined for the first contract term shall be continued for subsequent contract terms except that they may be readjusted for any subsequent term based on past experience and benefit adjustments under the subsequent contract. Any readjustment in rates is required to be made in advance of the contract term in which the new rates will apply and on a basis which, in the judgment of the Commission, is consistent with the general practice of carriers which issue group health benefits plans to large employers.

The effect of subsection (h) is to make certain that the premiums which the Government will have to pay for the service benefit plan and the indemnity benefit plan will not be more costly than those

charged by the industry to other large employers.

CONTRIBUTIONS

Section 7 provides for contributions by the Government and by

employees to subscription charges.

Paragraph (1) of subsection (a) specifies the Government's contributions to the subscription charge for each enrolled employee and annuitant as the lesser of (A) 50 percent of the subscription charge or

(B) such other amounts as the Commission prescribes.

The amounts which the Commission may prescribe, in accordance with clause (B), above, must not (i) be less than \$1.25 or more than \$1.75 biweekly for an individual who is enrolled for self alone, (ii) be less than \$3 or more than \$4.25 biweekly for an individual who is enrolled for self and family, or (iii) be less than \$1.75 or more than \$2.50 biweckly for a female employee who enrolls for self and family if the family includes a nondependent husband.

Paragraph (2) of subsection (a) authorizes the withholding from an individual's salary or annuity of the difference between the total subscription charge of the plan in which he is enrolled and the Government's contribution to the subscription charge. The employees' contributions will be made through payroll deductions, as is the case with respect to employees' contributions under the Civil Service Retirement Act and the Federal Employees' Group Life Insurance Act of 1954.

(3) Paragraph authorizes the Civil Service Commission to adjust the contributions of the Government and of the employees and annuitants to a particular plan whenever past experience indicates that such an adjustment is warranted or whenever there is a change in benefits offered by the plan. Any such adjustment must preserve the same ratio between the Government's and employee's or annuitant's contribution as existed originally, with the one exception that the Government's contribution cannot be adjusted to a biweekly amount which is more than the \$1.75, \$4.25, or \$2.50 specified in subsection (a)(1).

The net effect of this provision is that the Commission will prescribe the maximum contribution which the Government will make to each approved health benefits plan and so be able to control the

total cost of the program to the Government.

It is expected that the Government contributions prescribed by the Commission will be 50 percent of the subscription charge to the approved plans in which most employees are enrolled. Thus the

Government and the employee or annuitant will each contribute 50

percent of the subscription charge.

There may be some plans or options within plans which will provide benefits superior to the benefits under other plans or options and for which the subscription charge per enrollment will exceed the sum of the prescribed maximum Government contribution plus a matching contribution from the employee or annuitant. Where an employee chooses to enroll in such a superior-benefit plan or option, the excess portion of the subscription charge will be withheld from his salary.

Any adjustment in contribution rates must, within the specified limits, preserve the ratio which originally existed between the employee's or annuitant's contribution and the Government's contribu-If in the future an adjustment will (because of the maximums imposed on the Government's contribution) result in destroying this ratio, it is contemplated that the Civil Service Commission will call the matter to the attention of the Congress in advance so that the legislation can be amended to increase the maximum Government contributions if the Congress wishes.

Subsection (b) authorizes the Civil Service Commission to continue an employee's coverage for a period of up to 1 year (exclusive of any temporary extension of coverage) while he is in a leave-without-pay Because the employee will not be drawing any pay during this period, no contributions can be withheld from his salary and, therefore, the Commission is authorized to waive both the employee's and the Government's contributions while the employee is in a

leave-without-pay status.

Subsection (c) directs that the Government's contribution toward the cost of the program be paid from the following sources:

(1) For most employees, from the appropriation or fund

which is used for the payment of their salaries.

(2) In the case of an elected official, from the appropriation or fund which is available for payment of other salaries of the same office or establishment.

(3) In the case of an employee in the legislative branch whose salary is paid by the Clerk of the House of Representatives, from

the contingent fund of the House.

Subsection (d) directs the Civil Service Commission to provide for the conversion of the biweekly contribution rates to weekly, monthly or other rates in the case of individuals who are paid on other than a biweekly basis and permits the converted rate to be adjusted to the nearest cent.

EMPLOYEES' HEALTH BENEFITS FUND

Subsection (a) of section 8 creates an employees health benefits fund, to be administered by the Civil Service Commission, which is made available without fiscal year limitation for the payment of all premiums to approved health benefits plans and into which all contributions of employees, annuitants, and the Government shall be paid.

Subsection (b) requires that portions of the contributions made by employees, annuitants, and the Government shall be regularly set

aside in the fund as follows:

(1) A percentage, not to exceed 1 percent of all such contributions, determined by the Commission as reasonably adequate to pay its administrative expenses under this bill.

(2) For each health benefits plan a percentage, not to exceed 3 percent of the contributions for such plan, determined by the Commission as reasonably adequate to provide a contingency reserve. It is expected that these contingency reserves will be available to defray anticipated increases in future premiums and it is hoped that their use in this manner will postpone for a reasonable period of time the necessity of increases in contribution rates. Authorization is also contained in this subsection for applying the contingency reserves to reduce the contributions of employees and the Government or to increase the benefits provided by the plan from which the reserves are derived. It is required that the contingency reserves set aside for each plan will be used for the purposes mentioned above with respect to that plan only.

Subsection (c) authorizes the Secretary of the Treasury to invest any of the moneys in the employees health benefits fund in interestbearing obligations of the United States and to sell such obligations for the purposes of the fund. All interest derived from these investments and the proceeds from the sale of obligations will become a part

of the fund.

ADMINISTRATIVE EXPENSES

Subsection (a) of section 9 authorizes the expenditure from the employees' life insurance fund for the fiscal years 1960 and 1961, without regard to limitations on that fund, of such sums as may be necessary to pay the administrative expenses of the Civil Service Commission in carrying out the provisions of the Federal Employees Health Benefits Act of 1959. The subsection requires that reimbursement for sums so expended be made from the employees' health benefits fund to the employees' life insurance fund, together with interest at a rate to be determined by the Secretary of the Treasury. Subsection (b) makes the employees' health benefits fund available

Subsection (b) makes the employees' health benefits fund available (1) to reimburse the employees' life insurance fund, as indicated at d (2), within such limitations as may be specified annually by the Congress, to pay the expenses of the Commission in administering

this legislation for the fiscal year 1962 and subsequent years.

ADMINISTRATION

Subsection (a) of section 10 authorizes the Civil Service Commission to promulgate such regulations as may be necessary to give effect to the intent and purposes of the Federal Employees Health Benefits Act

of 1959.

Subsection (b) requires the Civil Service Commission to specify in its regulations the beginning and ending dates of coverage of employees and annuitants and members of their families. The subsection permits the Commission, by regulation, to grant a temporary extension of coverage upon cancellation (other than voluntary cancellation) of enrollment. Where the cancellation is for reasons other than the death of the employee or annuitant, it is expected that the temporary extension of coverage will continue for 31 days. Where the cancellation is on account of the death of the employee or annuitant, this subsection permits a temporary extension of coverage for members of the family for as long as 90 days after the end of the pay period or month in which the death of the employee or annuitant occurred. In any case, it is intended that the temporary extension of coverage will be

without current contributions by the employee or annuitant, or mem-

bers of his family, and by the Government.

Subsection (c) provides that an employee enrolled under this legislation who is removed or suspended without pay and later reinstated or restored to duty because the removal or suspension was unjustified or unwarranted shall have his eoverage restored so that he may enjoy the same benefits as if removal or suspension had not occurred.

Subsection (d) requires that the Civil Service Commission shall make available to each employee such information as may be necessary to enable him to exercise an informed choice among the various plans available. This information with respect to the Government-wide service benefit plan and the Government-wide indemnity benefit plan must be in a form acceptable to the Commission and will be developed by the Commission after consultation with the earriers. It is expected that information with respect to the employee organization plans and the comprehensive medical plans will be prepared and distributed by the respective carriers; however, this information must also be approved by the Commission. Each employee who enrolls in a health benefits plan will be issued an appropriate certificate summarizing the services or benefits provided by the plan. These certificates will also have to be approved by the Commission.

STUDIES, REPORTS, AND AUDITS

Subsection (a) of section 11 stipulates that the Civil Service Commission shall make a continuing study of the operation and administration of this legislation, including surveys and reports on health benefits plans available to employees and on the experience of such plans. It is expected that in making this study the Commission will include any instances of apparent overutilization of hospital facilities and any instances of apparently excessive charges by purveyors of health services.

Subsection (b) requires earriers to furnish such reports as the Civil Service Commission determines to be necessary to enable it to earry out its functions under this legislation and permits the Commission and representatives of the General Accounting Office to examine any records of the earriers which either the Commission or the General Accounting Office deem to be pertinent to the purposes of this legis-

lation.

Subsection (c) requires Government departments, agencies, and independent establishments to keep such records, make such certifications, and furnish the Civil Service Commission such information and reports as may be necessary to enable the Commission to earry out its functions under the legislation.

REPORTS TO CONGRESS

Section 12 requires the Commission to transmit to the Congress an annual report concerning the operation of the Federal Employees Health Benefits Act of 1959.

ADVISORY COMMITTEE

Section 13 requires the Chairman of the Civil Service Commission to appoint a committee composed of five members, who will serve

without compensation, to advise the Commission regarding matters of eoneern to employees under this legislation. Each member of the eommittee will be an employee enrolled under this legislation, or an elected officer of a national employee organization.

JURISDICTION OF COURTS

Section 14 gives the district courts of the United States original jurisdiction, concurrent with the Court of Claims, of any civil action or claim against the United States founded upon this legislation.

EFFECTIVE DATE

Section 15 makes the benefit and contributions provisions of this legislation effective on the first day of the first pay period which begins on or after July 1, 1960, and, by implication, makes the other provisions of the legislation effective upon enactment.

Administrative Reports

EXECUTIVE OFFICE OF THE PRESIDENT,

BUREAU OF THE BUDGET,

Washington, D.C., August 4, 1959.

Hon. Tom Murray, Chairman, Committee on Post Office and Civil Service, House of Representatives, Washington, D.C.

My Dear Mr. Chairman: Reference is made to your letter of July 8, 1959, requesting the views of the Bureau of the Budget on S. 2162, to provide a health benefits program for Government em-

ployees, presently before your committee.

Since 1954 this administration has advocated, and now continues to advocate, the establishment of a voluntary health insurance program for Federal employees. Specific programs were proposed in 1954, 1955, 1956, and 1957, each proposal being an attempt to formulate a better program. In 1958 the administration gave priority to pay increase legislation and recommended that action on employee health insurance legislation be postponed. It should be noted that during these years Government annual expenditures for Federal employee pay and benefits have been increased by substantial amounts due to increases in pay rates under both the statutory and prevailing wage systems, increases in annuities under employee retirement systems, the liberalization of the premium pay benefits system, the liberalization of the eivil service retirement system and the establishment of such new benefits as the allowances for uniforms and the group life insurance and unemployment compensation systems.

Following this administration's basic policy that the Federal employee should be compensated for the services he renders to the Government under a pay and benefit system that is reasonably comparable in structure and level with the compensation provided by progressive private employers, the Bureau of the Budget favors legislation authorizing a Federal employee health insurance program with benefits providing financial protection against the cost of health care reasonably comparable with those benefits provided in private employment. Although the existing Federal employee fringe benefit

system has been reported to be already more liberal than the typical private business fringe benefit system, it does not include a program of health insurance benefits. Adding these benefits to the existing system will further increase the total value of the Federal employee fringe benefit package. Under these circumstances it is essential that the value added by the new health insurance benefit program

be kept in line with private industry health benefits.

The new health insurance benefits should be made available only to employees who earn them by rendering services to the Government under the new program after it becomes effective. Compensation in the form of pay and benefits is paid to employees for services rendered. Former employees who rendered service under a compensation system which did not include these health insurance benefits have already been paid in full for their services in the form of pay and benefits already received or in vested rights to payment of future benefits already earned. Whenever salary or benefits are adjusted an effective date must be selected. It may be unfortunate that some former employees must miss eligibility by narrow margins, and a retroactive approach is often suggested. However, a retroactive approach actually creates an inequity where none would otherwise exist. while prospective entitlement is firmly linked to services rendered under a compensation agreement, retroactive entitlement is pure gratuity. If any former employee is granted this special gift, then any other former employees who are excluded by the particular retroactive date selected will feel they merit equal consideration. new health insurance benefits should, therefore, be provided only to employees who render service to the Government after a prospective effective date.

S. 2162, now before your committee, while including several desirable features, falls short of providing an acceptable employee health insurance program in two major respects: the cost to the Government is higher than justifiable in establishing a health insurance benefits program reasonably comparable with existing private business programs, and the organization and administrative system is defective.

The cost-sharing feature of the bill would require the Government to pay one-half of the premiums rather than one-third, as established for the Federal employee group life insurance program in 1954. The first-year cost of the bill to the Government is estimated in the Senate committee report to be \$145.3 million, which must be increased by \$2.5 million in the first year and \$25 million in the fifth year to include the Government share of the cost of annuitant coverage. This amount is substantially higher than the \$80 million figure which is actually needed as one-third of the cost, including the cost of annuitant coverage, of a sound program providing a benefit level in line with private industry plans, and providing a sound experience basis for accumulating the facts on which an appropriate Federal employee health benefits program can evolve for the future. It would be prudent for the Government to seek the patterns and level of health benefit protection best suited to the problems of the Federal employee, the benefits that will yield the most effective return for the premium dollar. Experience elsewhere strongly suggests that an effective program will evolve best from a conservative base. Sound development can occur as the genuine needs of the covered employees are clearly defined through experience, and a pattern of effective health care benefits grows up to meet these needs. The bill should be modified to clearly provide this sound,

conservative beginning.

The organization and administrative provisions of S. 2162 should be modified. The Civil Service Commission will advise you in full detail concerning these modifications. This report will comment only on three organization provisions: the advisory council, the Civil Service Commission reorganization, and the submittal of proposed con-

tracts and regulations.

The functions and membership of the proposed advisory council are not designed to aid sound administration. The council's assigned functions include making investigations of the administration of the program, and receiving reports direct from carriers and employees. Such assignment would confuse the Commission's authority in its relations with carriers, employing agencies, and employees. The Civil Service Commission should be unmistakably responsible for the success of this program. The council's functions should be advisory only. The council's membership should reflect its character as an element of a Federal employee benefit program, and should include appropriate Government officials, ex officio, together with employees, or their representatives, who are contributing and participating in the health insurance system. There is no need to create a statutory organization based on an assumption that the Civil Service Commission may refuse to seek the advice of responsible experts in the health insurance field. Neither is there basis for assuming that the Commission may foster a program which will be deleterious to the public generally, nor that the Commission will fail to give adequate consideration to all parties, including all qualified prospective carriers. Government's lack of experience in administering a health insurance program for its employees and the asserted absence of facts upon which to base decisions does not argue for splitting responsibility in this program between the Civil Service Commission and the advisory council. Rather, it requires placing a special responsibility on the Commission to proceed prudently, to develop factual experience as rapidly as feasible, and to build soundly, and it places a special responsibility on those who contribute to the design of the authorizing statute to provide the clear-cut authority and proper organization that will be so essential. Section 12 should be modified accordingly.

The proposed statutory reorganization of the Civil Service Commission would interfere, to no defined purpose, with the existing statutory power and responsibility of the Chairman of the Civil Service Commission to determine the internal organization of the Commission's business and to designate officers and employees to perform assigned functions. It is especially important in this new program to avoid a rigid organization prescription that could hamper the proper adjustment of administration with experience. Section 13

should be deleted from the bill.

The requirement that the Commission submit proposed contracts and regulations to the Senate and House Committees on Post Office and Civil Service is unnecessary to assure energetic administration by the Commission and is clearly improper if it is intended to provide the committees with a power of prior review of executive action. Subsection (a) of section 16 should be deleted from the bill.

S. 2162, as passed by the Senate, includes several features which are desirable in a program of Federal employee health benefits, but

it seeks to provide a level of benefits at an unnecessarily high cost, and it provides an unsound system and organization for administration. Unless S. 2162 is modified as to cost and administrative provisions, as above noted, the Bureau of the Budget would not favor enactment of the bill.

Sincerely yours,

Maurice H. Stans, Director.

Civil Service Commission, August 5, 1959.

Hon. Tom Murray, Chairman, Committee on Post Office and Civil Service, House of Representatives.

DEAR MR. MURRAY: In response to your letter of July 8, 1959, I am forwarding the Commission's views on the bill S. 2162, to provide a health benefits program for Government employees, as the bill has been amended by the Senate Post Office and Civil Service Committee and reported to the Senate. These views would also apply to H.R. 8210 and H.R. 8211, which are identical to S. 2162.

In the interest of brevity we are not here including a section analysis of S. 2162. The Senate committee's report of July 2, 1959, (No. 468) contains an explanation of the bill by sections. Except as noted hereinafter, the Commission construes the bill as stated in that

explanation.

As the central personnel agency of the executive branch, the Commission considers enactment of a health insurance program for Federal employees highly desirable. Such a program would fill the one remaining major gap in employee fringe benefits and be of inestimable value in attracting and retaining Federal personnel.

We are in complete agreement with the fundamental concepts under-

lying S. 2162. Very briefly, these would—

(1) Permit employees a free choice among a Government-wide service benefit plan, a Government-wide indemnity benefit plan, a local group practice prepayment plan, and an employee organization plan.
(2) Require contributions from the employee and from the

(3) Make the Commission responsible for the overall administration of the program while sharing the day-to-day operating responsibilities with the employing agencies and the insurance carriers.

(4) Create a central fund into which all receipts would be deposited and out of which all disbursements would be paid. The soundness of these same concepts (except for the first, which is pertinent only to health insurance) has been solidly established by the efficient operation of the Federal employees' group life insurance

The Commission does not, however, altogether favor the manner in which S. 2162 applies these four general principles. We also have serious reservations about several other provisions of the bill. the circumstances, we find S. 2162 sufficiently objectionable to compel us to report unfavorably. If the objectionable features were corrected, we would find the bill acceptable and a good basis for a successful, enduring health benefits program.

There follows a discussion of what we consider to be the objectionable features of the bill, together with suggestions for rectifying them.

RETROACTIVITY

Regardless of how long before July 1, 1960, S. 2162 were enacted, it would become generally effective no earlier than that date. 2(b)(2), however, contains a proviso which would extend the benefits of the bill to certain employees and certain survivors who qualify for annuity between the time the bill is enacted and the time it becomes generally effective.

We appreciate and are not unsympathetic with the purpose of this proviso which is to protect those people who would otherwise be denied the benefits of the bill because, owing to circumstances beyond their

control, they are separated before its effective date.

The situation which the proviso in section 2(b)(2) seeks to cure is not new. It occurs each time beneficial legislation is enacted and on each such occasion it appears that numbers of people have been denied benefits because they were prematurely separated. Depending largely on the value of the benefit, the group which considers itself aggrieved by having been denied the benefits ranges all the way from those who were separated as little as 1 day too early to those who were separated

as much as 5 or even 10 years too early.

It is unfortunate that any person has to be denied a benefit because he has been prematurely separated, but we know from long experience that the proviso in section 2(b)(2), although it may slightly lessen the number of persons who will feel aggrieved, will not appreciably remedy the situation. The proviso in section 2(b)(2) would extend health benefits to certain employees who retire involuntarily or for disability during the interval between the enactment and effective date of the bill and to survivors of certain employees who die during this interval. The number of people whom the proviso will affect will depend on how long this interval may be, but in any event the proviso will not affect the large number of employees who, for example, will voluntarily retire during the interval and later claim they had no knowledge of the fact that, had they waited, they could have qualified. Nor, for another example, will it affect the even larger number of employees who retired (or died) 1 day, 1 week, 1 year before the enactment date.

A line of demarcation must be drawn somewhere. The fairest and firmest place to draw the line is at the date the enacted bill becomes effective. Any retroactivity, unless it were complete, would be discriminatory and would intensify the aggreevement the excluded groups would feel and the representations they would make for having the benefits extended to them. The Commission, therefore, recommends

that the following text be deleted from the bill:

(1) Subsection 2(b)(2) on page 23, beginning in line 13 and ending

(2) Subsection 3(b)(2) beginning on page 26, line 25, and ending on page 27, line 11.

BENEFITS AND CONTRIBUTIONS

There are at least two aspects of the bill's benefit-contribution structure which, in the Commission's view, are so objectionable as to make S. 2162 unsatisfactory. These aspects are as follows:

(1) Government contributions:

At the maximum rates specified in section 7(a), the total contribution required of the Government has been estimated by the Senate committee at \$145.3 million annually. We would make two observations concerning this estimate: First, it does not include the sums which the Government would have to contribute annually toward insuring annuitants; second, the administration's frequently stated position is that it cannot at this time acquiesce in spending more than \$80 million a year on this program.

(2) Contributions versus benefits:

It can be contended that under section 7(a) contributions of employees and Government may be kept low by setting the rate at a figure less than the maximum authorized amount. But, we are not aware that any carrier has submitted a firm offer to underwrite, at a price less than the maximum contribution rates, the ultrarich benefits which are described in section 5(a)(1) and which are further implied in the Senate committee's report on S, 2162.

In the absence of such firm offer, we have reservations as to whether the implied benefits can be contracted for even at the maximum contribution rates. To the extent that they cannot, or to the extent that Government fiscal policy requires the contribution rates to be set lower than the maximum, the implied ultrarich benefits will have to be curtailed. Any such curtailment in benefits will, like the too-high contribution rates, result in employee disaffection with the program.

We discern other weaknesses in the benefit-contribution structure of S. 2162 but those mentioned above are considered sufficient to

justify our recommendation against enactment.

In the absence of a written commitment from a reputable carrier containing detailed specifications of benefits and subscription charges, we believe it wiser not to mislead employees into believing that they will receive ultrarich benefits. It would be infinitely better to delete section 5 of the bill in its entirety and rely on the Commission to negotiate contracts which will provide employees with generally better benefits than they now can get, at a cost to them which, depending on the geographic area, may be less than or about the same as they now pay

now pay.

We believe that to assure enactment of a program

We believe that, to assure enactment of a program, section 7(a) should limit the Government's total contribution to an amount which is acceptable to the administration. And, further, to permit employees who may be so inclined to enroll in plans offering very rich benefits (e.g., some existing group-practice plans) at a subscription charge greater than the maximum contribution rate stipulated in section 7(a), no limit on the employee's contribution rate should be specified. Suggested language to accomplish both these points follows:

"Sec. 7(a)(1) The Government's contribution to the subscription charge for each enrolled employee or annuitant shall be 33½ per centum of the subscription charge but may not exceed (i) 95 cents biweekly if he is enrolled for himself alone, or (ii) \$2.30 biweekly if he is enrolled for himself and members of his family, or (iii) \$1.35 biweekly in the case of a female employee or annuitant who is enrolled for herself and members of her family, including a nondependent husband.

"(2) There shall be withheld from the salary of each employee or annuity of each annuitant enrolled in a health benefits plan under this Act so much as is necessary, after deducting the Government's con-

tribution, to pay the subscription charge for his enrollment."

CONTRACTING AUTHORITY

Section 6 authorizes the Commission to negotiate contracts with qualified carriers. It enumerates some of the items to be specified in the contracts but offers no guidance—nor does the Senate committee's report on S. 2162—on what we regard as a critical issue: Should each carrier of a Government-wide plan assume the total risk under his contract or should he be required to share his rights and obligations with other insurers?

For several reasons, but primarily to simplify negotiations with prospective carriers, the Commission considers it highly desirable that the prime carriers' rights and obligations under the two Government-wide plans be shared in much the same manner as the Congress has provided under the Federal Employees' Group Life Insurance Act. While the Commission, in contract negotiations, would probably insist on such sharing even if section 6 were enacted in its present form, it would be preferable to have the Congress express its intent in this regard by including language along the following lines in section 6, perhaps as a new subsection (b):

"(b)(1) The contract for the Government-wide service benefit plan shall require the carrier to allocate its rights and obligations under the contract among all its affiliates who elect to participate in accordance with an equitable formula to be determined by the carrier and its

affiliates and approved by the Commission.

"(2) To be eligible as the carrier for the Government-wide indemnity benefit plan, a company must be licensed to issue group health insurance in all the States and the District of Columbia. The policy for such plan shall require the carrier to reinsure with such other companies as may elect to participate, in accordance with an equitable formula based on the total amount of their group health insurance claims paid in the United States during the latest year for which such information is available, to be determined by the carrier and approved by the Commission."

The Commission assumes, of course, that the national Blue Cross-Blue Shield organization will be the prime carrier for the Government-wide service benefit plan. To eliminate all but a dozen or so of the largest, most responsible insurance companies from consideration as prime carrier of the indemnity benefit plan, and to avoid diversity of citizenship difficulties in the event of a court action by an employee, the suggested language requires the prime carrier to be licensed in all the States and the District of Columbia. All other companies which write group health insurance would, of course, be eligible to acquire their fair share of reinsurance from the prime carrier.

HEALTH BENEFITS FUND

I am sure your committee is aware that increasing use of hospital and other health services and the continuing rise in the cost of these services has required many insuring organizations to raise their subscription or premium rates. Some organizations have had to raise their rates several times within the last few years. The current situation in New York City, where the Blue Cross has very recently announced a substantial increase in its rates for the second time in less than 2 years, is characteristic of the trend toward higher insurance costs. Also characteristic is the reported widespread disatisfaction

with the rate increases among subscribers.

Informed opinion is to the effect that steady increases in the cost of providing health services are inevitable. To avoid the necessity of having to increase contribution rates under the Government-sponsored program with unnecessary frequency and, incidentally, to avoid the employee dissatisfaction and the administrative difficulties entailed in each such rate increase, the Commission believes that an adequate contingency reserve should be set aside which could be drawn upon to stave off frequent contribution rate increases. Section 8 of S. 2162 makes no provision for setting aside funds for this purpose other than those derived from "dividends, premium rate credits or other refunds." These refunds (and there is nothing to guarantee that any will be made by the carriers) are completely inadequate for use as a contingency reserve.

The Senate committee, in page 18 of its report on S. 2162, seems to have recognized the need to stabilize contributions by setting aside a portion of contributions as a reserve. It indicates that the reserve shall "not * * * exceed approximately 3 percent of any one year's contributions or [exceed] an accumulative total of approximately 10 percent." However there is no language in section 8 which would authorize retention of any portion of the contributions as a reserve, much less the specific percentages indicated in the Senate committee's report. In view of the explicit authorization in section 8 to set aside a 1 percent reserve for administrative expenses, we question the propriety of setting aside a larger contingency reserve without explicit

authorization.

Increases in the cost of health services cannot, of course, be forecast with precision over a long period of years. The Commission feels rather strongly, however, that a contingency reserve should be accumulated which will be adequate to stave off increases in contribution rates for at least the first 5 years of the program's existence and, if possible, longer. To the best of our ability, we have estimated that to do this, it will necessary to set aside moneys up to a maximum of 10 percent of all contributions paid into the fund. Suggested language for amending section 8 to permit the setting aside of an adequate reserve follows:

SEC. 8. (a) There is hereby created a Federal Employees Health Benefits Fund, hereinafter referred to as the "Fund," which is hereby made available without fiscal year limitation for the payment of all subscription charges or premiums under contracts or policies entered into or purchased under section 6. The contributions of employees, annuitants, and the Government toward the subscription charges

shall be paid into the Fund.

"(b) Portions of the subscription charges contributed by employees, annuitants, and the Government shall regularly be set aside as follows: (1) a percentage, not to exceed 1 per centum of all such contributions, determined by the Commission as reasonably adequate to pay the administrative expenses made available in section 9; (2) for each plan, a percentage, not to exceed 10 per centum of the contributions toward such plan, determined by the Commission as reasonably adequate to provide a contingency reserve. The income derived from any dividends, premium rate adjustments, or other refunds made by a plan shall be credited to its contingency reserve. The contingency reserves may be used to defray increases in future subscription charges, or may be applied to reduce the contributions of employees and the Government to, or to increase the benefits provided by, the plan from which such reserves are derived, as the Commission shall from time to time determine.

"(c) The Secretary of the Treasury is authorized to invest and reinvest any of the moneys in the Fund in interest-bearing obligations of the United States and to sell such obligations of the United States for the purposes of the Fund. The interest on and the proceeds from the sale of any such obligations shall become a part of the Fund."

ADVISORY COUNCIL

The Commission believes that an advisory council can be a valuable adjunct to the health insurance program. Conversely, a council could operate to hamper administration of the program.

In our considered opinion, two features of section 12 will seriously

impair efficient operation of the program.

(1) Composition:

The 11-member Council called for by S. 2162 is so large as to inhibit unified and timely action which may be required of it.

Of the members mentioned in clauses (1) through (7) of section 12(a) only the Director of the Bureau of the Budget, because he is concerned with Government fiscal policy, and the three representatives of employee organizations have a continuing intrinsic interest in the program. We do not see that the other members mentioned (the Secretary of Labor, the Surgeon General, the Chief of the Bureau of Medicine and Surgery, a representative of the public, and three representatives of universities) have more than a casual interest in or concern with the program nor what long-range purpose would be served by their permanent membership on the Council. In any event, the services and advice of any or all these persons could be readily obtained when, in a particular situation, it was considered desirable.

We would suggest that section 12 be amended to create a smaller, more efficient Council whose membership would be representative of the vital interests affected by the program. This membership should, in our opinion, consist of the Director of the Bureau of the Budget, the Secretary of the Treasury, because he is charged by S. 2162 with the management of the health benefits fund, the Secretary of Health, Education, and Welfare, because he is officially concerned with public health and health benefits and, finally, to represent employees' interests, two elected officers of employee organizations and two insured

employees at large.

(2) Duties:

Three of the Council's duties prescribed by section 12(b) are sufficiently inappropriate for an advisory council to repeat and comment on here:

(a) "to make studies from time to time of the operation and

administration of this Act."

This prescribed duty is sheer duplication of what the Commission is required to do by section 11(a)—"[to] make a continuing study of the operation and administration of this Act."

(b) "to receive reports and information with respect [to this Act from the Commission, carriers and employees and their

representatives."

This duty will (1) interpose the Council between the Commission and the carriers and impair the carriers' accountability to the Commission and (2) make the Council a forum for airing employee grievances. Even if S. 2162 did not require it, the Commission would, as a matter of course, furnish reports and information to the Council and otherwise keep it current with developments so that it would have a basis on which to furnish advice and make recom- ${f mendations.}$

(c) "to ascertain from time to time the status of the Federal Employees Health Benefits Fund, including the establishment

and maintenance of any balances and reserves."

The Commission, as trustee of the fund, would do just this on a continuing basis and its efforts in this regard would automatically be audited by the General Accounting Office.

We cannot help but feel that, especially at the outset of the program, the Advisory Council as constituted by section 12 would have to be in virtually continuous session, would divert the energies and resources of the Commission, and, in general, would impede efficient administration. We urge that section 12 be amended so that it provides for a council whose function will be to advise and to recommend rather than to monitor the Commission. Language which would do this follows:

"Sec. 12. (a) There is hereby established a Federal Employees, Health Benefits Advisory Council which shall consist of the following:

"(1) The Director of the Bureau of the Budget or his represen-

tative;
"(2) The Secretary of the Treasury or his representative;
Welfard

"(3) The Secretary of Health, Education, and Welfare or his representative;

"(4) Four members, to be appointed by the Chairman of the Commission, of whom two shall be elected officers of national employee organizations and two shall be employees enrolled under this Act.

"(b) It shall be the duty of the Advisory Council (1) to consult with and advise the Commission in regard to the administration of this Act, and (2) to make recommendations to the Commission with respect to the amendment of this Act or improvements in its administration.

"(c) Members of the Council who are not otherwise in the employ of the United States shall be entitled while attending meetings of the Advisory Council, including travel time, to receive compensation at a rate to be fixed by the Commission, but not exceeding \$50 per diem,

while away from their homes or regular places of business.

"(d) The Advisory Council shall be convened once yearly or oftener on the call of the Chairman of the Commission or on request of any three members of the Advisory Council."

STATUTORY BUREAU OF RETIREMENT AND INSURANCE

The only reasons we know of for the inclusion of section 13 in S. 2162 are the ones advanced in page 19 of the Senate committee's report on the bill. To put it briefly, the Commission does not find these reasons

persuasive.

It is quite possible that the Commission may find it advisable to organize a bureau to handle its retirement and insurance functions. This possibility exists whether S. 2162 is enacted or not. The Chairman of the Commission is already empowered by law to reorganize the Commission and if considerations of economy and efficiency should in the future so dictate, he would do this. But his right, among other hings, to choose a propitious time for the reorganization, to assign a name to a newly created bureau, to delegate responsibility, and to determine, in accordance with position classification standards, the grade of a bureau director should not be invaded by a statute which is not germane to these matters.

We must strongly urge that section 13 be deleted entirely from

S. 2162.

CONTRACTS AND REGULATIONS

The last feature to which the Commission feels obliged to object is the directive in section 16(a) which would require the Commission to transmit by May 1, 1960, to the House and Senate Committees on Post Office and Civil Service, copies of the contracts it proposes to

enter into and the regulations it proposes to promulgate.

We cannot perceive nor have we been able to ascertain the purpose of this directive unless it is to assure that the Commission takes timely action to implement the enacted bill. If this is its purpose, its inclusion in the bill is superfluous since section 16(b) directs that the enacted bill become effective July 1, 1960. If the bill is enacted, we yill of course deploy all our resources to have implementation completed by that date. We feel, in this connection, that it is necessary only to call attention to the very prompt action the Commission took in August of 1954 to make the Group Life Insurance Act effective—and this with no effective date specified in the statute.

In addition to being superfluous, section 16(a) would leave the

Commission in a quandary in at least two respects.

(1) Prudence would seem to dictate that the Commission, having transmitted copies of the contracts and the regulations, postpone their signing and promulgation while it awaited some formal acknowledgement from both the Senate and House committees that they had objections to or that they approved of the proposed contracts and regulations. The wait could of course result in significant delay but any action, either negative or affirmative, on the part of either committee could be construed as an infringement upon the Executive's powers.

(2) If between the time copies of the contracts and the regulations were transmitted and the time they were signed and promulgated, changes were made in either or both, the Commission would presumably have to notify the committees of the changes and again await acknowledgements. Such last minute changes could easily occur after May 1, 1960, in which case the Commission could, involuntarily, be in violation of section 16(a). Viewed in the most favorable light, section 16(a) is superfluous

and enigmatic. It should be deleted from the bill.

We are not in this statement of our views suggesting language to perfect a number of relatively minor items in S. 2162 which we think can (and should) be easily improved. Mostly, these improvements would facilitate administration of the program.

I would be glad to have a representative of my office meet with your staff to work out these perfecting changes and, if you wish, to provide such other technical assistance as your committee may want.

The Bureau of the Budget advises that there is no objection to the

submission of this statement to your committee.

By direction of the Commission:

Sincerely yours,

ROGER W. JONES, Chairman.

Office of the Postmaster General, Washington, D.C., July 28, 1959.

Hon. Tom Murray, Chairman, Committee on Post Office and Civil Service, House of Representatives, Washington, D.C.

Dear Mr. Chairman: Reference is made to your request for the views of this Department on S. 2162, as amended and reported in the Senate. S. 2162 is a bill to provide a health benefits program for

Government employees.

In previous years the Post Office Department has favored in principle health insurance for Federal employees, provided such insurance could be obtained at a reasonable cost and meets the needs of employees for protection against catastrophic illness. This Department continues to favor such health insurance for Federal employees.

S. 2162 as reported in the U.S. Senatc is based on a committee print. The position of the administration on this legislation has been set forth in reports by the Civil Service Commission and by the Bureau of the Budget (pp. 24–28 of S. Rept. 468 to accompany S. 2162). These reports have been brought to the attention of this

Department and this Department concurs therein.

It is understood that the U.S. Civil Service Commission and the Bureau of the Budget will file reports with your committee with respect to S. 2162 as reported to the Senate. In the circumstances, this Department has no comments or recommendations to submit with respect to this legislation.

The Burcau of the Budget has advised that there would be no

objection to the submission of this report to the committee.

Sincerely yours,

E. O. Sessions, Acting Postmaster General. DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE, August 12, 1959.

Hon. Tom Murray,

Chairman, Committee on Post Office and Civil Service, House of Representatives, Washington, D.C.

DEAR MR. CHAIRMAN: This is in reply to your request of July 8 for our comments on S. 2162, as passed by the Scnate, a bill to provide a health benefits program for Government employees.

Our comments on S. 2162 are also applicable to H.R. 8210 and H.R. 8211, pending before your committee, which appear to be identi-

cal with S. 2162.

In view of the detailed explanation of S. 2162 in the report of the Senate Committee on Post Office and Civil Service, we refrain from

burdening this report with a summary of the bill.

The pattern of health insurance coverage for Federal employees proposed by this bill is one which this Department considers appropriate and essential, both to meet the health insurance needs of Federal employees and to assure the competition among plans necessary for expansion of voluntary health insurance in the Nation. In this connection, we should like to mention the following basic points:

1. The employee options permit a real choice of coverage by the employee in terms of what he considers best suited to his needs and those of his family, and also provide an opportunity for the development of enrollment procedures which will yield the kind of educational efforts required to promote restraint and responsibility in the use of health insurance benefits. Carriers have found such efforts necessary

with regard to both the insured and the providers of services.

Employee choices call for reasonable opportunity for changing from one plan to another. If the rules regarding transfer from one plan to another are unduly restrictive, a valuable gage of employee satisfaction and carrier performance can be lost. Since the bill forbids restrictions which would exclude or limit coverage for preexisting diseases or conditions, the main problems in working out reasonable transfer arrangements will be adjustments for premium payments and benefits already availed of during the previous part of the benefit year.

2. The alternative types of plans set forth in the bill permit the development of benefits which could provide full scope of protection for Federal employees. It should be the responsibility of the Commission to see that each of the plans for which it contracts or gives approval offers protection which is substantially equivalent to some desirable level established by the Commission as a yardstick. Important, too, is the opportunity provided under the bill for women employees to gain coverage for their families.

3. The bill accepts the principle of uniform contributions for both active employees and retirees and uniform benefits for these groups. The continuation of protection for retired employees without reduction—with premiums to continue at the same level, and their cost to be shared by the annuitant and the Government in the same proportion, as for active employees—follows a desirable pattern of coverage

in health insurance plans generally.

4. The bill permits the setting aside of a portion of the health benefits fund as a special reserve against adverse fluctuations in future charges. A reserve of this type appears wholly appropriate in view

of the nature of health benefits risk and the rising trend in medical care costs.

On such matters as the desirable distribution of premium costs as between the Government and employees, the composition and functions of the Advisory Council, and the proposed establishment of a Bureau of Retirement and Insurance within the Commission, we defer to the views of the Civil Service Commission. We suggest, however, that the Secretary of Health, Education, and Welfare be designated as a member of the Council in place of the Surgeon General of the Public Health Service. It should be noted that our Social Security Administration and the Office of the Special Assistant to the Secretary on Health and Medical Affairs, as well as the Public Health Service, are expert in and concerned with the study and encouragement of voluntary prepayment plans for hospital, medical, and other health services.

We, therefore, recommend enactment of the bill, with the modifications above suggested, and with such further modifications as are indicated by the views of the Civil Service Commission and the Bureau of the Budget, on the Federal share of the costs, on administrative organization, and on the composition and functions of the

Advisory Council.

In making this recommendation, we have not overlooked the fact that the bill does not address itself to the problem of health insurance for those who are already retired, a fact that has given us much concern. We consider it essential that legislation for active employees and future retirees be supplemented in the near future by providing similar protection for those already retired. While we recognize the complexity of the problems involved in providing effective health benefit coverage to those already on annuities, the pressing health insurance needs of retired Federal employees suggest the importance of an early formulation of ways and means to meet their problems.

The Bureau of the Budget advises that it perceives no objection

to the submission of this report to your committee.

Sincercly yours,

ARTHUR S. FLEMMING, Secretary.

GENERAL COUNSEL OF THE DEPARTMENT OF DEFENSE, Washington, D.C., August 7, 1959.

Hon. Tom Murray, Chairman, Committee on Post Office and Civil Service, House of Representatives.

Dear Mr. Chairman: Reference is made to your request for the views of the Department of Defense on S. 2162, 86th Congress, a bill to provide a health benefits program for Government employees, as

reported in the Senate on July 2, 1959.

This bill would provide generally for four basic types of health insurance plans to be made available to Federal employees and annuitants, and members of their families. The bill also covers the level and pattern of benefits to be provided under the various plans; places certain responsibilities in the Civil Service Commission for overall administration; provides for payroll deductions and matching contributions by the Government; establishes a Federal Employees'

Health Benefits Fund; and creates a Federal Employees Health

Benefits Advisory Council and states its duties.

The Department of Defense fully recognizes the importance of group health insurance for its employees. For many years it has encouraged these employees to participate in available group health insurance programs on a voluntary basis, and large numbers are currently participating in such programs. This Department has also consistently supported recommendations for health insurance which have been included in the legislative programs of this administration.

The Department of Defense therefore endorses the basic purposes of S. 2162 and favors the enactment of legislation which will establish a Federal employee health benefits program that will provide sound protection against the high costs of illness at a price which both the employees and the Government can afford. The Department further believes that July 1, 1960, should be the goal for making such program fully effective and removing the unfortunate lag between the Federal Government and private industry in this important area.

Time has not permitted the full and detailed analysis of all the technical provisions of S. 2162 which would be necessary in order to determine whether changes in any of those provisions might produce improvements. However, the Department of Defense considers that this bill does provide the basis for a sound, well-rounded program of

health insurance.

From the standpoint of assuring the most economical and efficient administration of this program, however, the Department of Defense is concerned with those provisions of S. 2162 which establish and prescribe the functions and dutics of the Federal Employees Health

Benefits Advisory Council.

The wording of section 12 makes this Council much more than an advisory body. It has monitoring and investigative functions, may receive reports and information from various individuals concerned with the program (which to some degree at least give it the character of a grievance committee), and may recommend legislation, presumably with or without concurrence of the Civil Service Commission

which is the agency responsible for the program.

All these powers and duties of the Advisory Council will, in the opinion of the Department of Defense, tend to dilute and impair the position of the Civil Service Commission as the administrator of the program, create confusion, and make more complicated the administration of a program which will be complicated enough even under the best of circumstances. It is the belief of the Department of Defense that the Advisory Council should be confined to those functions which the name implies—advising and making recommendations to the Civil Service Commission.

It would also seem unnecessary and undesirable to provide for membership on the Council of representatives of university schools of medicine, hospital administration, and public health. While these are undoubtedly sources from which the Civil Service Commission would desire to seek information and advice from time to time, this can be done without providing membership and votes on a statutory advisory council. Their interest in and identification with the program established by S. 2162 is not this direct.

S. 2162 provides for an equal sharing by employees and the Government of contributions under the program, which exceeds the maximum

Government contribution previously recommended by the administration. It is estimated that costs to the Department of Defense from legislation of this nature will approximate one-half the costs to the Government, exclusive of costs attributable to coverage of annuitants. Since S. 2162 represents pending legislation, no provision has been made for these costs in the budget of the Department.

The Bureau of the Budget advises that there is no objection to the

submission of this report to the Congress.

Sincerely yours,

L. Niederlehner, Deputy General Counsel.

Comptroller General of the United States, Washington, July 21, 1959.

Hon. Tom Murray, Chairman, Committee on Post Office and Civil Service, House of Representatives.

Dear Mr. Chairman: In compliance with your request of July 8, 1959, we offer our comments on S. 2162, as passed by the Senate.

The bill provides generally that there shall be made available to Government employees health benefit plans of the currently popular types, the cost of which will be borne equally by the Government and the employees concerned. The program will generally give Government employees protection equivalent to that enjoyed by commercial and industrial employees.

While the bill involves a matter of policy upon which we offer no recommendation, the following observations are made for such con-

sideration as they may warrant.

Section 2.—Many terms appearing in the bill, some of which are used interchangeably, are not clear. Among these are hospital care, hospital benefits, medical services, ambulatory patients, hospital services, hospital outpatient, other ambulatory patients, diagnostic and treatment services, and professional services. We assume that the Commission will include in its regulations such definitions as may be

necessary.

Section 5 (general comments on subsections (a) and (b)).—Subsection (a) provides the benefits to be included in health plans but subsection (b) authorizes the Commission to substitute "alternative" benefits for any and all of the benefits specified in subsection (a). As the section is now written, the alternative benefits could be exclusive of major medical care. We suggest that subsection (b) be revised to insure that the alternative benefits shall include both basic and major medical protection at least equal to that provided under subsection (a). Also, in the event the Commission finds, in the administration of the program, that costs are being adversely affected by excessive or unjustified use of health services, there may be required some means of protecting the interests of the employees who refrain from such practices. Possibly, as an aid to the Commission, the authority to include deductibles and coinsurance should be made applicable to any benefits offered by the program.

Section 5(a)(1)(A).—While there is general provision for 120 days hospital care, the duration of care provided in cases of tuberculosis and nervous and mental conditions is limited to 30 days. We think

that the supplemental benefits would apply in these cases, immediately after the expiration of 30 days. However, the relationship of this section to the major medical care provided in section 5(a)(1)(E) is not entirely clear. Therefore, we suggest the insertion of an express provision in the bill designating the point at which a tuberculosis or

mental patient would be covered by major medical care.

Section 5(a)(1)(B) and 5(a)(1)(C).—The language "to persons with incomes less than those of the one-quarter of Federal employees earning the highest incomes" apparently is intended to preclude graduated medical and surgical fees to Federal employees with incomes less than those in the one-quarter group of employees that earn the highest incomes. However, enactment of the language would constitute congressional recognition of the practice of graduated medical and surgical fees to personnel with incomes in the "one-quarter of Federal employees earning the highest incomes." We doubt that congressional recognition should be given to the practice of graduating medical and surgical fees upon the basis of income. Therefore, you may wish to delete the language in the section relating to graduated fees.

Section 5(a)(1)(D).—Benefits for ambulatory patients should be clarified. As the subsection now reads, it is not clear whether it was the intention to require that each of the four plans specified in section 4 include provisions for protection against medical costs for ambulatory patients, or whether care for this class of patients would be restricted to service benefit plans. Further, it is not clear whether the contemplated medical costs would apply to visits of patients to the physician's office when the patient had not been previously hospitalized for the condition subsequently treated at the office. It is likewise not clear whether the section contemplates the payment for house calls

made by physicians.

Section 5(a)(1)(E).—The section provides for a sharing of the first \$1,500 of expenses and that the carrier shall pay all costs in excess of \$1,500 subject to maximums determined by the Commission. Your committee may wish to consider the desirability of prescribing in the law itself maximum and minimum amounts that would be payable in addition to the first \$1,500. This point would be of particular significance if the cost of benefits provided under a plan should increase to a point where it may be necessary for the Commission to reduce ertain of such benefits to stay within the limit of available funds.

Also, we suggest the addition of the following language to be inserted after the word "subparagraph" appearing on line 10, page 31, "shall

include any and all diseases but".

Section $\overline{5}(a)(1)(F)$.—Apparently under this paragraph no supplemental benefits would be provided for any normal delivery even though complications may develop prior to the patients' complete

recovery.

Section 5(a)(2).—We do not have the details of the benefits which may be offered under the indomnity plan. We recommend, however, that the bill require or, at least, that the committee report specify that the value of benefits under the indemnity plan generally coincide with the value of the services furnished under the service plan, including coverage of all diseases.

Section 6.—The bill specifies that the Commission shall approve two nationwide plans, one of the service type and one of the indemnity type, and authorizes the Commission to enter into nationwide contracts for benefits provided by the two plans. Under such conditions the question arises as to what recognition is to be given to the variations in hospital room rates, medical services, and surgical fees between various localities. Since schedules of benefits will be applicable nationwide, there will be a tendency for those hospitals and surgeons heretofore charging less than the stated maximum to increase their rates and fees until they reach the maximum levels specified. This result would add to the cost of the program for both the employee and the Government. In our opinion the bill should specify that the nationwide contracts contain language assigning to the carrier responsibility for maintaining costs at prevailing local levels. We suggest language similar to the following be added to section 6(b) "Any nationwide prime contract shall include a requirement that the carrier's subcontracts or other arrangements with corporations, associations, groups, doctors, hospitals, and other providers of health services shall be stated at cost levels no higher than the (1) charges to the general public, or (2) schedules of health benefit costs in local health benefit plans.'

We suggest that this section be amended to authorize the Commission to require reinsurance if it deems such action is necessary to protect the interests of the Government. Similar reinsurance is required under the Government Employees Life Insurance Act.

Section 7(b).—This section covers employees who are on leave without pay and would vest in the Commission discretion to regulate the coverage to be granted. Presumably, this discretion is necessary to enable consideration of the circumstances involved in individual cases concerning authorized or unauthorized leave without pay. Consideration might be given to providing the Commission guidelines for its administration of this section in your committee's report.

Section 8.—We recommend a technical revision in this section After the word "Fund" on page 36, line 14, insert the language "which shall be administered by the Commission and". Also, on page 37, after the word "Fund" appearing on line 15, insert the language "when directed by the Commission."

Sincerely yours,

JOSEPH CAMPBELL, Comptroller General of the United States.

Comptroller General of the United States, Washington, August 17, 1959.

B-119033.

Hon. Tom Murray, Chairman, Committee on Post Office and Civil Service, House of Representatives.

Dear Mr. Chairman: As a result of a number of conferences between members of our respective staffs we have been requested to report on the version of the bill S. 2162 presently under consideration by your committee. We are pleased to offer the following comments on the bill as presently revised by the committee.

Health benefit plans (sec. 4, p. 30)

Section 4 of the bill provides that there shall be one Government-wide service benefit plan and one Government-wide indemnity plan.

Testimony before the committee has disclosed clearly that in order to provide a health plan within the reach of the employees in the lower grades, and for basic fiscal policy reasons, a benefits plan with relatively low or "thin" benefits will be acquired. Under the requirement that only one service and one indemnity plan may be operative, such plans may and probably will not provide a benefit level desired by the majority of employees in the middle or upper grades, nor will the new uniform medium or low benefit plan compare favorably with broader coverage now carried by many employees. We suggest that the committee consider revising this section of the bill to require the providing of at least two levels of benefits for each of the two primary plans created by sections 4(1) and 4(2). Two levels of benefits would provide a more flexible choice to the employees, enabling them to consider local cost conditions, and would also recognize the employees' ability to pay. In our opinion the option for two levels of benefits under each major plan could be included within a single contract with the respective carriers. While the cost of administration will neces-Irily be increased by additional options, we believe that the matter can be worked out by the Commission to assure a minimum of increased costs. The following language, or some modification thereof, added to sections 4(1) and 4(2) would provide a basis for the Commission to develop two levels of benefits and two levels of cost under each of the two nationwide plans:

"Provided, That any such plan shall include two levels of benefits

and two related levels of subscription or premium charges."

Contracting authority (sec. 6, p. 33)

The committee has received testimony that experience under many health plans indicates they are subject to costly abuses. Published material indicates a rather significant overutilization of hospital services when the individuals are insured for hospital services only. Some published data has indicated that unnecessary hospitalization

under insurance or service plans runs as high as 20 percent.

If abuses occur, then costs borne by the employee and the Government will be correspondingly higher. Conversely, if the unnecessary services and the related costs are curtailed, then more funds will be available to provide the necessary benefits. The unnecessary use of spital room and board in order to obtain other needed services not available unless the patient is hospitalized, is an example of abuse. The insurance industry and the large employers have devised contract provisions designed to curtail nonessential utilization of health services, and it would seem that where appropriate the Government should apply similar and other effective provisions. Coverage of all medical services, coupled with coinsurance and deductibles are among the corrective devices used. The committee may wish to state in the bill an expression of policy for the guidance of the Commission in framing contracts to provide to the extent possible for the curtailment of abuses of the Government health plans by the users of the services or benefits. This could be accomplished by adding a provision to section 6 of the bill, reading substantially as follows:

"Regulations of the Commission shall require that all plans or contracts include benefits, in specified categories of health services, and at such levels, as the Commission determines necessary to restrict excessive utilization or abuse of any service. The standards shall

include such other provisions, including coinsurance and deductible provisions, determined by the Commission to be necessary to prevent abuses of the program."

Contributions (sec. 7(a)(1), p. 36)

We wish to point out that section 7(a)(1) as written, permits the Commission full discretion regarding the level of benefits that may be acquired. The benefits may be set very low—substantially below the amounts stated in subparagraphs (i) and (ii)—and in such eases the Government would pay 50 percent of the costs. If the benefits acquired are liberal and the costs higher, then the Government may

pay less than 50 percent of the eosts.

Also, we note that the minimums and maximums between which the Commission must set the "prescribed" amounts are apparently intended to be applicable uniformly to all plans. However, it is possible to interpret the language of this section as authorizing variable "prescribed" amounts, within the three eategories of minimum and maximum limits stated in the bill. We believe this would be inequitable to employees who were members of the plans assigned low "prescribed" amounts. We suggest the following change on line 7, page 36:

"The amounts so prescribed, which shall be uniform for all plans,

shall not—."

Subscription charges and premiums

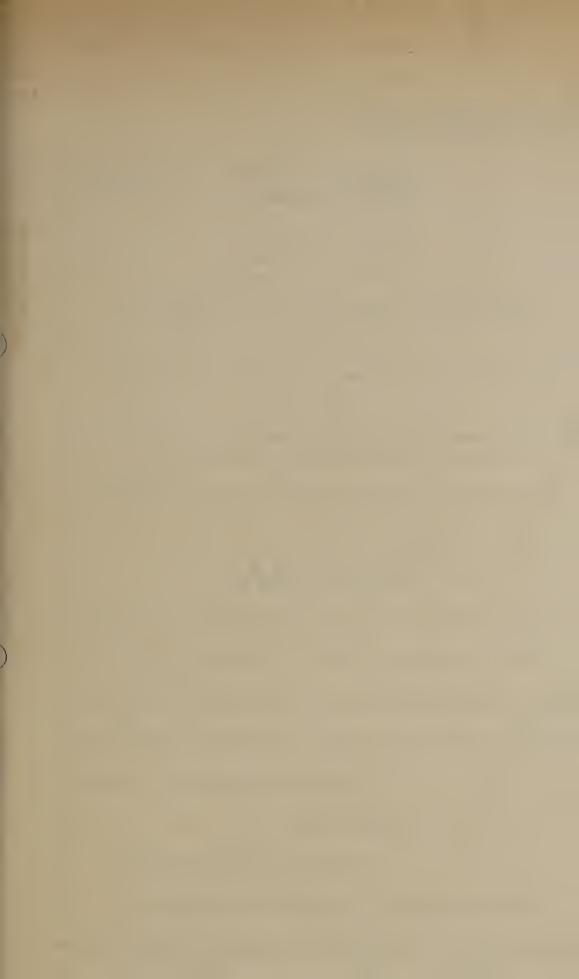
The bill contains numerous references to "subscription charges" and "premiums." However, the manner in which the terms are used indicates that in some instances these terms refer to the combined amount represented by payroll deductions from employees and the Government's transfer to the fund, and in other instances one or both of the terms refer to the payment from the fund to the carriers. These amounts paid into the fund will not necessarily be the same as the amounts paid out to carriers, as the bill is now written. The difference in the amounts is due to allowances for expenses and credits to the reserve. It is suggested that the use of these terms throughout the bill be reviewed and their specific use clarified by editorial change.

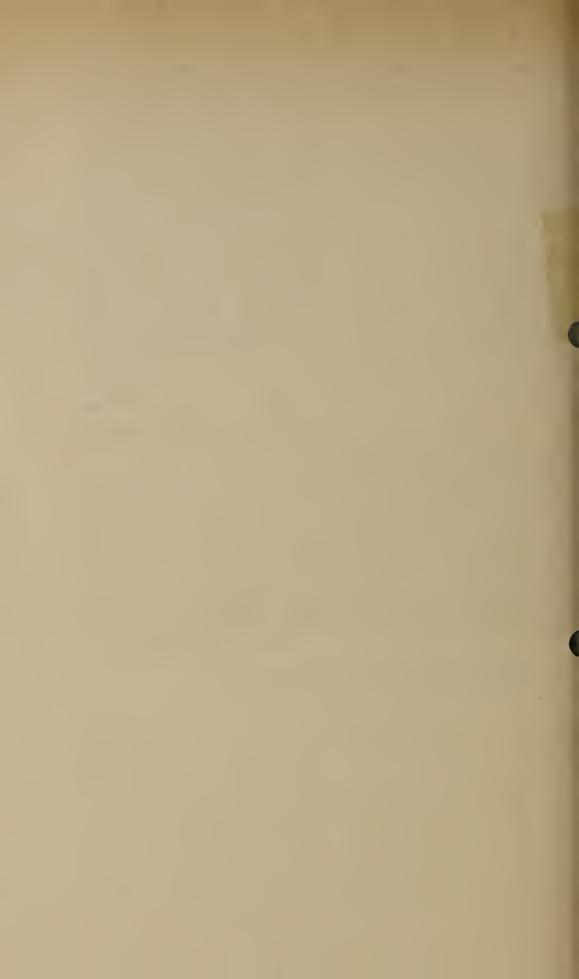
We will be pleased to provide any further information or assistance in connection with this proposed legislation that the committee desires

Sincerely yours,

Frank H. Weitzel,
Assistant Comptroller General of the United States.

C





Union Calendar No.415

86TH CONGRESS 1ST SESSION

S. 2162

[Report No. 957]

IN THE HOUSE OF REPRESENTATIVES

JULY 20, 1959

Referred to the Committee on Post Office and Civil Service

August 20, 1959

Reported with an amendment, committed to the Committee of the Whole House on the State of the Union, and ordered to be printed

[Strike out all after the enacting clause and insert the part printed in italic]

AN ACT

To provide a health benefits program for Government employees.

- 1 Be it enacted by the Senate and House of Representa-
- 2 tives of the United States of America in Congress assembled,
- 3 That this Act may be cited as the "Federal Employees
- 4 Health Benefits Act of 1959."
- 5 DEFINITIONS
- 6 Sec. 2. As used in this Act—
- 7 (a) The term "employee" means an appointive or elec-
- 8 tive officer or employee in or under the executive, judicial,
- 9 or legislative branch of the United States Government, in-
- 10 cluding a Government-owned or controlled corporation (but
- 11 not including any corporation under the supervision of the

Farm Credit Administration, of which corporation any member of the board of directors is elected or appointed by private 2 interests), or of the municipal government of the District 3 4 of Columbia, and includes an Official Reporter of Debates of the Senate and a person employed by the Official Reporters 5 6 of Debates of the Senate in connection with the performance of their official duties, and an employee of Gallaudet College, 7 but does not include (1) a member of a "uniformed service" 8 as such term is defined in section 1072 of title 10 of the 9 10 United States Code, (2) a noncitizen employee whose per-11 manent-duty station is located outside a State of the United 12 States or the District of Columbia, or (3) an employee of the Tennessee Valley Authority. 13 14 (b) The term "annuitant" means (1) an employee who 15 on or after the effective date of the provisions referred to in 16 section 16 (b) retires on an immediate annuity, under the 17 Civil Service Retirement Act or other retirement system for 18 civilian employees of the Government, after twelve or more 19 years of service or for disability, (2) an employee who on or 20 after the date of enactment of this Act and prior to such 21 effective date retires on such annuity (i) after twelve or more 22 vears of service upon involuntary separation not by removal 23 for cause on charges of misconduct or delinquency or (ii) for 24 disability, (3) a member of a family who receives an im-25 mediate annuity as the survivor of a retired employee de-

scribed in clause (1) or clause (2), or of an employee who 1 dies on or after such date of enactment after completing five 2 or more years of service, (4) an employee who receives 3 monthly compensation under the Federal Employees Compen-4 sation Act as a result of injury sustained or illness contracted 5 6 on or after such date of enactment and who is determined by the Secretary of Labor to be unable to return to duty, and 7 (5) a member of a family who receives monthly compensa-8 tion under the Federal Employees Compensation Act as the 9 surviving beneficiary of (i) an employee who dies after com-10 pleting five or more years of service as a result of injury sus-11 tained or illness contracted on or after such date of enact-12 ment or (ii) a former employee who is separated after com-13 pleting five or more years of service and who dies while 14 receiving monthly compensation under such Act on account 15 16 of injury sustained or illness contracted on or after such date of enactment. For the purpose of this subsection, "service" 17 means service which is creditable for the purposes of the 18 19 Civil Service Retirement Act. (c) The term "member of family" means an employee's 20 or annuitant's spouse, unmarried child under the age of nine-21 teen years (including (1) an adopted child, and (2) a step-22 child or recognized natural child who lives with and receives 23 more than one-half his support from the employee or annui-24 tant in a regular parent-child relationship), or unmarried 25

- 1 child regardless of age who is incapable of self-support be-
- 2 cause of a mental or physical incapacity that existed prior to
- 3 his reaching the age of nineteen years and who is in fact de-
- 4 pendent on the employee or annuitant for over one half his
- 5 support.
- 6 (d) The term "dependent husband" means a husband
- 7 who is incapable of self-support by reason of mental or
- 8 physical disability, and who receives more than one half his
- 9 support from the employee or annuitant.
- 10 (e) The term "health benefits plan" means an insurance
- 11 policy or contract, medical or hospital service agreement,
- 12 membership or subscription contract or similar arrangement
- 13 provided by a carrier for the purpose of providing, paying
- 14 for or reimbursing expenses for health services.
- 15 (f) The term "carrier" means a voluntary association,
- 16 corporation, or partnership, or other organization (other
- 17 than an agency or instrumentality of the Federal Govern-
- 18 ment or of any State or political subdivision thereof) which
- 19 is lawfully engaged in providing, or paying for or reim-
- 20 bursing the cost of, health services under insurance policies
- 21 or contracts, medical or hospital service agreements, mem-
- 22 bership or subscription contracts, or similar arrangements, in
- 23 consideration of premiums or other periodic charges payable
- 24 to the carrier, including a health benefits plan duly sponsored
- 25 or underwritten by a national employee organization.

- 1 (g) The term "Commission" means the Civil Service
- 2 Commission.
- 3 (h) The term "national employee organization" means
- 4 a bona fide labor organization, national in scope, which
- 5 represents only employees of one or more departments or
- 6 agencies of the Government.

7 ELECTION OF COVERAGE

- 8 SEC. 3. (a) This Act shall apply to any employee who,
- 9 at such time, in such manner, and under such conditions of
- 10 eligibility as the Commission may by regulation prescribe,
- 11 elects to enroll in a health benefits plan described in section 4
- 12 either for himself alone or for himself and members of his
- 13 family. Such regulations may provide for the exclusion of
- 14 employees on the basis of the nature and type of employ-
- 15 ment or conditions pertaining thereto, such as short-term
- 16 appointments, seasonal or intermittent employment, and em-
- 17 ployment of like nature, but no employee or group of em-
- 18 ployees shall be excluded solely on the basis of the hazardous
- 19 nature of employment.
- 20 (b) (1) This Act shall apply to any annuitant who at
- 21 the time he becomes an annuitant shall have been enrolled
- 22 in a health benefits plan under this Act—
- 23 (A) for a period not less than (i) five years, or
- 24 (ii) the period beginning on the last day of the first
- 25 period, as prescribed by regulations of the Commission,

1	in which he is eligible to enroll in such a plan and ending
2	on the date on which he becomes an annuitant, which-
3	ever is shorter, or
4	(B) as a member of the family of an employee or
5	annuitant.
6	(2) This Act shall also apply to any annuitant not en-
7	rolled in a health benefits plan during the period referred to
8	in paragraph (1) if—
9	(A) such annuitant is (i) an annuitant described
10	in section 2-(b)-(2), (ii) an annuitant described in sec-
11	tion 2 (b) (4) whose injury was sustained or whose ill-
12	ness was contracted prior to the effective date of the pro-
13	visions referred to in section 16(b), or (iii) a member
14	of the family of an annuitant referred to in (i) or (ii)
15	or of an employee or former employee described in sec-
16	tion 2 (b) (5) whose injury was sustained or whose ill-
17	ness was contracted prior to such effective date, and
18	(B) such annuitant elects to enroll in a health bene-
19	fits plans under this Act within such period, in such
20	manner, and under such conditions of eligibility as the
21	Commission may by regulation prescribe.
22	(e) If an employee has a spouse who is an employee
23	either (but not both) may enroll for himself and members

of his family, or either spouse may enroll for himself alone,

24

- 1 but no person may be enrolled both as an employee (or an-
- 2 nuitant) and as a member of the family.
- 3 (d) A change in the coverage of any employee or annui-
- 4 tant, or of any employee or annuitant and members of his
- 5 family, enrolled in a health benefits plan under this Act
- 6 may be made by the employee or annuitant only upon appli-
- 7 eation filed within sixty days after the occurrence of a change
- 8 in family status or at such other times and under such con-
- 9 ditions as may be prescribed by regulations of the Com-
- 10 mission.
- 11 (e) A transfer of enrollment from one health benefits
- 12 plan described in section 4 to another such plan shall be
- 13 made by an employee or annuitant only at such time or
- 14 times and under such conditions as may be prescribed by
- 15 regulations of the Commission.

16 HEALTH BENEFITS PLANS

- 17 SEC. 4. The Commission may approve the following
- 18 health benefits plans:
- 19 (1) SERVICE BENEFIT PLAN. One Government-wide
- 20 service benefit plan under which in whole or substantial
- 21 part the physicians, hospitals, or other providers of covered
- 22 health services agree, under certain conditions, to accept the
- 23 payment provided by the plan as full payment for covered
- 24 services rendered by them.

- 1 (2) INDEMNITY BENEFIT PLAN. One Government-
- 2 wide indemnity benefit plan under which the carrier agrees
- 3 to pay to the employee or annuitant or member of his family,
- 4 who incurs expenses for health services covered under the
- 5 conditions of the policy, or to the providers of the health
- 6 service benefits, certain stipulated sums of money not in ex-
- 7 eess of the actual expenses incurred.
- 8 (3) EMPLOYEE ORGANIZATION PLANS. Employee
- 9 organization plans which are sponsored, contracted for, and
- 10 administered in whole or substantial part, by national em-
- 11 ployee organizations, which are available only to persons
- 12 who are or have been members of the sponsoring organiza-
- 13 tion, and which provided benefits for health services to mem-
- 14 bers of the sponsoring organization on July 1, 1959.
- 15 (4) Group practice prepayment plans. Group
- 16 practice prepayment plans which offer health services in
- 17 whole or in substantial part on a prepaid basis, with pro-
- 18 fessional services thereunder provided by physicians prac-
- 19 ticing as a group in a common center or centers. Such a
- 20 group shall include physicians qualified in at least three
- 21 major medical specialities and receive all or a substantial
- 22 part of its income from the prepaid funds.

1	BENEFITS TO BE PROVIDED UNDER PLANS
2	SEC. 5. (a) To the extent possible with the funds avail-
3	able under this Act, the benefits to be provided under plans
4	described in section 4 shall be the following:
5	(1) SERVICE BENEFIT PLAN.
6	(A) HOSPITAL BENEFITS. Benefits which the Com-
7	mission finds to be equivalent to the full cost of hospital care
8	in semiprivate accommodations in a general or acute special
9	hospital for one hundred and twenty days in any period of
.0	continuous care or for one hundred and twenty days in the
.1	aggregate in any periods of such hospitalization separated
.2	by ninety days or less, except that such continuous or aggre-
.3	gate periods in the case of tuberculosis and nervous and men-
4	tal conditions shall be thirty days.
.5	(B) SURGICAL BENEFITS. Benefits which the Com-
.6	mission finds to be equivalent to the reasonable, necessary
17	and customary charges for surgical services, and for care of
8.	abnormal deliveries, made to persons with incomes less than
9	those of the one quarter of Federal employees earning the
20	highest incomes.
רכ	(C) IN HOSDIMAL MEDICAL DEVELORS Reports which

21 (C) IN-HOSPITAL MEDICAL BENEFITS.—Benefits which
S. 2162——2

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- 1 the Commission finds to be equivalent to the reasonable,
- 2 necessary, and customary charges for medical services ren-
- 3 dered during periods of hospitalization for which benefits are
- 4 provided under subparagraph (A) to persons with in-
- 5 comes less than those of the one-quarter of Federal employ-
- 6 ees earning the highest incomes.
- 7 (D) AMBULATORY PATIENT BENEFITS. Benefits for
- 8 services to hospital outpatients and other ambulatory pa-
- 9 tients which the Commission finds to be practicable, reason-
- 10 able, and desirable with respect to diagnostic and treatment
- 11 services, surgical services, and services in cases of accidental
- 12 injury.
- 13 (E) SUPPLEMENTAL BENEFITS. Benefits equal to (i)
- 14 80 per centum of so much of the additional charges for health
- 15 'services for each individual for each illness as exceeds \$100
- 16 but does not exceed \$1,500, plus (ii) the amount of any
- 17 such additional charges in excess of \$1,500 under such con-
- 18 ditions and such maximums as may be determined appro-
- 19 priate by the Commission. For the purpose of this subpara-
- 20 graph, "additional charges for health services" means the
- 21 amount by which the charges for health services for which
- 22 supplemental benefits are provided exceed any eash or service
- 23 benefits provided under subparagraphs (A), (B), (C), and
- 24 (D). The supplemental benefits provided for under this

- 1 subparagraph shall not duplicate or replace the benefits pro-
- 2 vided for under subparagraphs (A), (B), (C), and (D).
- 3 (F) OBSTETRICAL BENEFITS FOR NORMAL DELIV-
- 4 ERIES. Benefits which shall not exceed \$100 for hospital
- 5 services and \$100 for professional services for normal de-
- 6 livery, prenatal and post partum care, and which shall be in
- 7 lieu of all benefits for such services under subparagraphs
- 8 (A), (B), (C), (D), and (E).
- 9 (2) INDEMNITY BENEFIT PLAN.
- 10 (A) Hospital Care-
- 11 (B) Surgical Care and Treatment.
- 12 (C) Medical Care and Treatment.
- 13 (D) Obstetrical Benefits.
- 14 (E) Prescribed Drugs, Medicines and Prosthetic
- 15 Devices.
- 16 (F) Other Medical Supplies and Services.
- 17 The plan may include deductible and coinsurance provi-
- 18 sions applicable to some or all of the benefits.
- 19 (3) EMPLOYEE ORGANIZATION PLANS. Benefits of
- 20 the type specified in this subsection under paragraph (1)
- 21 or (2).
- 22 (4) Group-practice prepayment plans. Benefits
- 23 of the type specified in this subsection under paragraph (1)
- 24 or (2).

(b) The description contained in subsection (a) of the scope and value of the benefits to be provided under health benefits plans shall not be construed to preclude the provision of alternative benefits under such plans. The Commission may authorize, in lieu of the benefits described in subsection (a), alternative benefits which it determines to be equally acceptable under this Act and which may include deductible and coinsurance provisions applicable to some or all of the alternative benefits.

CONTRACTING AUTHORITY

SEC. 6. (a) The Commission is authorized, without regard to section 3709 of the Revised Statutes or any other provision of law requiring competitive bidding, to enter into, or authorize enrollment under, a contract or contracts with or to purchase a policy or policies from, qualified carriers offering plans described in section 4 and providing the benefits described in section 5. Each such contract or policy shall be for a uniform term of at least one year, but may be made automatically renewable from year to year in the absence of notice of termination by either party.

- (b) Any contract or policy under this Act shall contain:
 a detailed statement of benefits offered and shall include
 such maximums, exclusions, and other definitions of benefits
 as the Commission may deem necessary and desirable.
- 25 (e) The Commission shall preseribe regulations fixing

- 1 reasonable minimum standards for health benefit plans de-
- 2 seribed in section -4 and for earriers offering such plans. The
- 3 Commission shall not approve any plan or enter into a con-
- 4 tract with or purchase a policy from any carrier unless such
- 5 plan or such carrier, as the case may be, complies with such
- 6 standards. Approval of such a plan shall not be withdrawn
- 7 except after notice and opportunity for hearing to the earrier
- 8 or carriers and to the employees concerned.
- 9 (d) No contract shall be made, policy purchased, or
- 10 plan approved, which excludes employees or annuitants
- 11 because of race, sex, health status, or, at the time of the
- 12 first opportunity to enroll, because of age.
- 13 (e) No health benefits plan shall be approved which
- 14 does not offer to employees and annuitants, whose enroll-
- 15 ment in the plan is terminated, other than by a cancellation
- 16 of enrollment, the option to convert, without evidence of
- 17 good health, to individual contracts providing health bene-
- 18 fits. An employee or annuitant who exercises this option
- 19 shall pay the full cost of the individual contract, on such
- 20 terms or conditions as are prescribed by the carrier and
- 21 approved by the Commission.
- 22 (f) The benefits and coverage made available pursuant
- 23 to the provisions of paragraph (e) shall be noncancellable
- 24 by the earrier as to any individual, except for fraud, over-
- 25 insurance, or nonpayment of premiums.

1 (g) Subscription charges and premiums under health

2 benefits plans described in section 4 shall reasonably and

3 equitably reflect the cost of the benefits provided.

4 contributions

- 5 SEC. 7. (a) (1) If an employee or annuitant enrolls
- 6 in a health benefits plan under this Act for himself only
- 7 there shall be withheld from the salary of such employee,
- 8 or annuity of such annuitant, as his contribution an amount
- 9 not to exceed \$1.75 biweekly, and the Government shall
- 10 contribute a like amount.
- 11 (2) Except as provided in paragraph (3), if an em-
- 12 ployee or annuitant enrolls in a health benefits plan under
- 13 this Act for himself and members of his family there shall
- 14 be withheld from the salary of such employee, or the annuity
- 15 of such annuitant, as his contribution an amount not to ex-
- 16 ceed \$4.25 biweekly, and the Government shall contribute
- 17 a like amount.
- 18 -(3)- If a member of the family of a female employee or
- 19 annuitant who enrolls in a health benefits plan under this
- 20 Act for herself and members of her family is a husband,
- 21 other than a dependent husband, there shall be withheld
- 22 from the salary of such employee or annuitant as her con-
- 23 tribution an amount not to exceed \$6 biweekly, and the
- 24 Government shall contribute an amount not to exceed \$2.50
- 25 biweekly.

- (b) An employee enrolled in a health benefits plan under this Act who is placed in a leave without pay status 2 may be authorized to continue his coverage, and the coverage 3 of members of his family, under such plan for a period not 4 to exceed one year in accordance with regulations prescribed 5 by the Commission. Such regulations may provide for 6 waiving the requirement of contributions by the employee 7 and the Government for all or any part of the period of -8 leave without pay. 9
- (c) The sums authorized to be contributed by the Gov-10 ernment with respect to any employee shall be paid from 11 the respective appropriation or fund which is used for pay-12 ment of his salary, wage, or other compensation (or, (1) 13 in the case of an elected official, from such appropriation or fund as may be available for payment of other salaries of the 15 same office or establishment, and (2) in the case of an 16 employee in a leave without pay status, from the appropriation or fund which would be used for the payment of the 18 salary of such employee if he were in a pay status). The 20 sums authorized to be contributed by the Government with respect to any annuitant shall be paid from annual appro-21 priations which are hereby authorized to be made for such 22 23 purpose.
- 24 (d) The Commission shall provide by regulation for 25 conversion of rates of contribution specified in this section in

- 1 the ease of employees paid on other than a biweekly basis,
- 2 and for such purpose may provide for adjustment of any
- 3 such rate to the nearest cent.
- 4 FEDERAL EMPLOYEES HEALTH BENEFITS FUND
- 5 SEC. 8. There is hereby created a Federal Employees Health Benefits Fund, hereinafter referred to as the "Fund"; 6 7 which is hereby made available without fiscal year limitation for the payment of all premiums or subscription charges 8 9 under policies or contracts purchased or entered into under 10 section 6. The amounts withheld from the salaries of em-11 ployees and the annuities of annuitants; and the amounts 12 contributed by the Government toward the cost of health 13 benefits for such employees and annuitants, shall be paid into 14 the Fund. The income derived from any dividends, premium 15 rate credits or other refunds shall be credited to and constitute 16 a part of the Fund. There shall be set aside in the Fund from time to time such amounts, not to exceed 1 per centum 17 18 of the amounts paid into the Fund for any fiscal year, as may 19 be necessary to pay administrative expenses for such year. 20 Any amounts remaining in such Fund after all premium or 21 subscription charges have been paid, and after the amounts 22 referred to in the preceding sentence have been set aside, 23 shall be retained as a special reserve for adverse fluctuations 24 in future charges, or may be applied to reduce the contribu-

- 1 tions of employees and the Government to, or to increase the
- 2 benefits provided by, the plan from which such amounts are
- 3 derived, as the Commission shall from time to time deter-
- 4 mine. The Secretary of the Treasury is authorized to invest
- 5 and reinvest any of the moneys in the Fund in interest-bearing
- 6 obligations of the United States and to sell such obligations
- 7 of the United States for the purposes of the Fund. The in-
- 8 terest on and the proceeds from the sale of any such obliga-
- 9 tions shall become a part of the Fund.

10 ADMINISTRATIVE EXPENSES

- 11 SEC. 9. (a) There are hereby authorized to be expended
- 12 from the Employees' Life Insurance Fund, without regard
- 13 to limitations on expenditures from that Fund, for fiscal
- 14 years 1960 and 1961, such sums as may be necessary to pay
- 15 administrative expenses incurred by the Commission in
- 16 carrying out the health benefits provisions of this Act. Reim-
- 17 bursements to the Employees' Life Insurance Fund for
- 18 sums so expended shall be made from the Federal Employees
- 19 Health Benefits Fund.
- 20 (b) The Federal Employees Health Benefits Fund is
- 21 hereby made available, within such limitations as may be
- 22 specified annually by the Congress, to pay such expenses
- 23 for fiscal year 1961 and subsequent fiscal years.

1 REGULATIONS

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SEC. 10. (a) The Commission is authorized to promul-2 gate such regulations as may be necessary to carry out the 3 provisions of this Act.

- (b) Regulations of the Commission shall include regu-5 lations with respect to the beginning and ending dates of 6 coverage of employees and annuitants and members of their 7 families under health benefit plans, and for such purpose may 8 permit such coverage to continue until the end of the pay 9 period in which an employee is separated from service or 10 until the end of the month in which an annuitant ceases to be 11 12 entitled to annuity, and in ease of the death of such employee or annuitant may permit the coverage of the members of his 13 family for a period not to exceed ninety days. 14
 - (e) Regulations of the Commission shall provide that any employee enrolled in a plan under this Act who is removed or suspended without pay and later reinstated or restored to duty on the ground that such removal or suspension was unjustified or unwarranted shall not be deprived of coverage or benefits for the interim but shall have his coverage restored to the same extent and effect as though such removal or suspension had not taken place, and appropriate adjustments shall be made in accordance with such regulations in premiums, subscription charges, contributions, and claims.

(d) Regulations of the Commission shall provide for making available to each employee and annuitant eligible to enroll in a health benefits plan under this Act such information as may be necessary to enable such employee or annui-tant to exercise an informed choice among the types of plans referred to in section 4. Such regulations shall also provide for the issuance to each employee and annuitant enrolled in such a health benefits plan of an appropriate certificate setting forth the services or benefits to which the employee or annuitant, or the employee or annuitant and members of his family, are entitled thereunder, the person or persons to whom monetary benefits shall be payable, the procedure for submitting claims; and the principal provi-sions, or summaries thereof, of the plan affecting the em-ployee or annuitant or members of his family.

STUDIES BY COMMISSION

SEC. 11. (a) The Commission shall make a continuing study of the operation and administration of this Act, including surveys and reports on health benefits plans available to employees and annuitants and on the experience of such plans, with respect to such matters as gross and net costs, administrative costs, benefits claimed and provided, utilization of benefits, the extent to which the economic use of benefits herein provided is assured, and the portion of the actual personal expenditures of Federal employees and

- 1 annuitants for health care which is being met by prepaid
- 2 benefits.
- 3 (b) The Commission shall include provisions in con-
- 4 tracts with earriers which would require earriers to (1)
- 5 furnish such reasonable reports as the Commission deter-
- 6 mines to be necessary for the satisfactory completion of the
- 7 studies enumerated in subsection (a) with respect to gross
- 8 and net costs, administrative costs, benefits claimed and pro-
- 9 vided, utilization of benefits, and (2) permit the Commission
- 10 or its representatives and representatives of the General Ac-
- 11 counting Office to examine such records of the earriers as may
- 12 be necessary for verification of the information contained
- 13 in the carrier's reports.
- 14 (e) Employing agencies shall keep such records and
- 15 furnish the Commission with such information and reports
- 16 as may be necessary to enable it to carry out its functions
- 17 under this Act.
- 18 ADVISORY COUNCIL
- 19 SEC. 12. (a) There is hereby established a Federal
- 20 Employees Health Benefits Advisory Council which shall
- 21 consist of the following:
- 22 (1) the Secretary of Labor;
- 23 (2) the Director of the Bureau of the Budget;
- 24 (3) the Surgeon General of the Public Health
- 25 Service;

1	(4) the Chief of the Bureau of Medicine and Sur-
2	gery of the Veterans' Administration;
3	(5) one member to be appointed by the President
4	who shall be representative of the public;
5	(6) three members to be appointed by the Presi-
6	dent from among representatives of national employee
7	organizations;
8	(7) three members to be appointed by the Presi-
9	dent who shall be representative of university schools
10	of medicine, hospital administration, and public health,
11	respectively.
12	The Advisory Council shall select a Chairman and a Vice
13	Chairman from among its members. Each member of the
14	Advisory Council referred to in clauses (1) to (4), inclu-
15	sive, may designate an alternate to attend meetings and par-
16	ticipate in activities of the Advisory Council in the place of
17	such member. Members of the Advisory Council referred to
18	in clauses (5) to (7), inclusive, shall be appointed for terms
19	of three years.
20	(b) It shall be the duty of the Advisory Council (1)
21	to make studies from time to time of the operation and ad-
22	ministration of this Act, (2) to receive reports and informa-
23	tion with respect thereto from the Commission, carriers, and
43	tion with respect thereto from the Commission, carriers, an

24 employees and their representatives, (3) to ascertain from

- 1 time to time the status of the Federal Employees Health
- 2 Benefits Fund, including the establishment and maintenance
- 3 of any balances or reserves, (4) to consult with and advise
- 4 the Commission in regard to the administration of this Act,
- 5 and (5) to make recommendations with respect to the
- 6 amendment of this Act or improvements in its administration.
- 7 No contracts shall be awarded, renewed, or terminated and
- 8 no regulation shall be promulgated, for the purpose of earry-
- 9 ing out this Act. unless copies of proposed drafts thereof
- 10 shall have been furnished by the Advisory Council.
- 11 (e) Members of the Council referred to in clauses (5)
- 12 to (7), inclusive, who are not otherwise in the employ of
- 13 the United States shall be entitled while attending meetings
- 14 of the Advisory Council, including travel time, to receive
- 15 compensation at a rate to be fixed by the Commission, but
- 16 not exceeding \$50 per diem, and while away from their
- 17 homes or regular places of business they may be allowed
- 18 travel expenses, including per diem in lieu of subsistence,
- 19 as authorized by law (5 U.S.C. 73b-2) for persons in the
- 20 Government service employed intermittently.
- 21 (d) The Advisory Council shall be convened by the
- 22 Commission within thirty days after the members referred
- 23 to in clauses (5) to (7) have been appointed, and there-
- 24 after shall meet not less often than quarterly, on call of

- 1 the Commission or on request of any three members of the
- 2 Advisory Council.
- 3 BUREAU OF RETIREMENT AND INSURANCE
- 4 SEC. 13. There is hereby established in the Civil Service Commission a Bureau of Retirement and Insurance, which 5 shall perform such of the functions and duties of the Com-6 mission with respect to retirement, life insurance, and health 7 benefits programs as the Commission shall prescribe. 'The 8 9 Bureau shall be headed by a Director. Except as provided 10 in the second and third sentences of the last paragraph of the 11 first section of the Act of January 16, 1883, the Director 12 shall be responsible only to the Chairman of the Commission 13 with respect to the matters transferred to the Chairman by the provisions of section 2 (a) (2) to 2 (a) (6), inclusive, of 14 Reorganization Plan Numbered 5 of 1949. The position of 15 Director shall be placed in grade 18 of the General Schedule 16 17 of the Classification Act of 1949, as amended. Such position shall be in addition to the number of positions otherwise 18 19 authorized by law to be placed in such grade.
- 20 JURISDICTION OF COURTS
- SEC. 14. The district courts of the United States shall have original jurisdiction, concurrent with the Court of Claims, of any civil action or claim against the United States founded upon this Act.

1	REPORTS TO CONGRESS
2	SEC. 15. The Commission shall transmit to the Congress
3	annually a report concerning the operation of this Act.
4	EFFECTIVE DATE
5	SEC. 16. (a) The Commission shall transmit to the
6	Committee on Post Office and Civil Service of the Senate
7	and the Committee on Post Office and Civil Service of the
48	House of Representatives not later than May 1, 1960, copies
9	of any contracts proposed to be entered into, policies pro-
10	posed to be purchased, and regulations proposed to be pro-
11	mulgated, for the purpose of placing into operation health
12	benefits plans under this Act.
13	(b) The provisions of this Act relating to the enroll-
14	ment of employees and annuitants in health benefits plans
15	and the withholding and payment of contributions shall
16	take effect on the first day of the first pay period which
17	begins on or after July 1, 1960.
18	That this Act may be cited as the "Federal Employees
19	Health Benefits Act of 1959".
20	DEFINITIONS
21	Sec. 2. As used in this Act—
22	(a) "Employee" means an appointive or elective
23	officer or employee in or under the executive, judicial,
24.	or legislative branch of the United States Government, in-
25	cluding a Government-owned or controlled corporation (but

- 1 not including any corporation under the supervision of the
- 2 Farm Credit Administration, of which corporation any mem-
- 3 ber of the board of directors is elected or appointed by private
- 4 interests), or of the municipal government of the District
- 5 of Columbia, and includes an Official Reporter of Debates of
- 6 the Senate and a person employed by the Official Reporters
- 7 of Debates of the Senate in connection with the performance
- 8 of their official duties, and an employee of Gallaudet College,
- 9 but does not include (1) a member of a "uniformed service"
- 10 as such term is defined in section 1072 of title 10 of the
- 11 United States Code, (2) a noncitizen employee whose per-
- 12 manent-duty station is located outside a State of the United
- 13 States or the District of Columbia, or (3) an employee of
- 14 the Tennessee Valley Authority.
- 15 (b) "Government" means the Government of the United
- 16 States of America.
- (c) "Annuitant" means—
- 18 (1) an employee who on or after the effective date
- of the provisions referred to in section 15 retires on an
- immediate annuity, under the Civil Service Retirement
- 21 Act or other retirement system for civilian employees
- 22 of the Government, after twelve or more years of service
- or for disability,
- 24 (2) a member of a family who receives an imme-25 diate annuity as the survivor of a retired employee de-

- scribed in clause (1) or of an employee who dies after
 completing five or more years of service,
- 3 (3) an employee who receives benefits under the
 4 Federal Employees' Compensation Act as a result of
 5 illness or injury to himself and who because of such ill6 ness or injury is determined by the Secretary of Labor
 7 to be unable to return to duty, and
- 8 (4) a member of a family who receives monthly 9 compensation under the Federal Employees' Compensation Act as the surviving beneficiary of (A) an employee 10 11 who, having completed five or more years of service, dies 12 as a result of illness or injury compensable under such 13 Act or (B) a former employee who is separated after 14 having completed five or more years of service and who 15 dies while receiving benefits under such Act on account 16 of illness or injury to himself and has been held by the 17 Secretary of Labor to have been unable to return to duty. For the purpose of this subsection, "service" means service 18 which is creditable for the purposes of the Civil Service 19 20 Retirement Act.
- (d) "Member of family" means an employee's or annuitant's spouse and any unmarried child (1) under the age of nineteen years (including (A) an adopted child, and (B) a stepchild or recognized natural child who lives with the employee or annuitant in a regular parent-child relationship), or (2) regardless of age who is incapable of self-support

- 1 because of mental or physical incapacity that existed prior
- 2 to his reaching the age of nineteen years.
- 3 (e) "Dependent husband" means a husband who is in-
- 4 capable of self-support by reason of mental or physical dis-
- 5 ability which can be expected to continue for more than one
- 6 year.
- 7 (f) "Health benefits plan" means a group insurance
- 8 policy or contract, medical or hospital service agreement, mem-
- 9 bership or subscription contract, or similar group arrange-
- 10 ment provided by a carrier for the purpose of providing, pay-
- 11 ing for, or reimbursing expenses for health services.
- 12 (g) "Carrier" means a voluntary association, corpora-
- 13 tion, partnership, or other nongovernmental organization
- 14 which is lawfully engaged in providing, paying for, or reim-
- 15 bursing the cost of, health services under group insurance
- 16 policies or contracts, medical or hospital service agreements,
- 17 membership or subscription contracts, or similar group
- 18 arrangements, in consideration of premiums or other periodic
- 19 charges payable to the carrier, including a health benefits
- 20 plan duly sponsored or underwritten by an employee
- 21 organization.
- 22 (h) "Commission" means the United States Civil Service
- 23 Commission.
- 24 (i) "Employee organization" means an association or
- 25 other organization of employees which-
- 26 (1) is national in scope or

1	(2) in which membership is open to all employees
2	of a Government department, agency, or independent
3	establishment who are eligible to enroll in a health
4	benefits plan under this Act,
5	and which on or before December 31, 1959, applies to the
6	Commission for approval of a plan provided for by section
7	4(3) of this Act.
8	ELECTION OF COVERAGE
9	SEC. 3. (a) Any employee may, at such time, in such
10	manner, and under such conditions of eligibility as the Com-
11	mission may by regulation prescribe, enroll in an approved
12	health benefits plan described in section 4 either as an indi-
13	vidual or for self and family. Such regulations may provide
14	for the exclusion of employees on the basis of the nature and
15	type of their employment or conditions pertaining thereto, such
16	as, but not limited to, short-term appointments, seasona
17	or intermittent employment, and employment of like nature
18	but no employee or group of employees shall be excluded
19	solely on the basis of the hazardous nature of their employ-
20	ment.
21	(b) Any annuitant who at the time he becomes an annui-
22	tant shall have been enrolled in a health benefits plan under
23	this Act—

(1) for a period not less than (A) the five years

1	of service immediately preceding retirement or (B) the
2	full period or periods of service between the last day of
3	the first period, as prescribed by regulations of the Com-
4	mission, in which he is eligible to enroll in such a plan
5	and the date on which he becomes an annuitant, whichever

- 7 (2) as a member of the family of an employee 8 · · · or annuitant—
- 9 may continue his enrollment under such conditions of eligi-
- 10 bility as may be prescribed by regulations of the Commission.
- 11 For the purpose of this subsection, a member of the family
- 12 includes a child of an employee or annuitant born after the
- 13 employee retires or dies or the annuitant dies.
- 14 (c) If an employee has a spouse who is an employee,
- 15 either spouse (but not both) may enroll for self and family,
- 16 or either spouse may enroll as an individual, but no person
- 17 may be enrolled both as an employee or annuitant and as a
- 18 member of the family.

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is shorter, or

- 19 (d) A change from individual to family coverage, or
- 20 from family to individual coverage, of any employee or
- 21 annuitant enrolled in a health benefits plan under this Act
- 22 may be made by the employee or annuitant at such times
- 23 and under such conditions as may be prescribed by regula-
- 24 tions of the Commission.
- 25 (e) A transfer of enrollment from one health benefits

- 1 plan described in section 4 to another such plan may be made
- 2 by an employee or annuitant at such times and under such
- 3 conditions as may be prescribed by regulations of the Com-
- 4 mission.

5 HEALTH BENEFITS PLANS

- 6 Sec. 4. The Commission may contract for or approve
- 7 the following health benefits plans:
- 8 (1) Service benefit plan.—One Government-wide
- 9 plan (including at least two levels of benefits) under which
- 10 payment is made by the carrier under contracts with phy-
- 11 sicians, hospitals, or other providers of health services for
- 12 benefits of the types described in section 5(1) rendered to
- 13 employees or annuitants, or members of their families, or,
- 14 in lieu thereof, payment is made by the carrier to the em-
- 15 ployee or annuitant or member of his family.
- 16 (2) INDEMNITY BENEFIT PLAN.—One Government-
- 17 wide plan (including at least two levels of benefits) under
- 18 which the carrier agrees to pay certain sums of money, not
- 19 in excess of the actual expenses incurred, for benefits of the
- 20 types described in section 5(2).
- 21 (3) Employee or-
- 22 ganization plans which offer benefits of the types referred to
- 23 in section 5(3), which are sponsored or underwritten, and are
- 24 administered, in whole or substantial part, by employee or-
- 25 ganizations, which are available only to persons (and mem-

- 1 bers of their families) who at the time of enrollment are mem-
- 2 bers of the organization, and which on July 1, 1959, pro-
- 3 vided health benefits to members of the organization.
- 4 (4) Comprehensive medical plans.—
- 5 (A) GROUP-PRACTICE PREPAYMENT PLANS.—Group-
- 6 practice prepayment plans which receive all or a substantial
- 7 part of their income from prepaid funds and which offer
- 8 benefits of the types referred to in section 5(4), in whole or
- 9 substantial part on a prepaid basis, with professional serv-
- 10 ices thereunder provided by physicians (including physicians
- 11 qualified in at least three major medical specialties) practic-
- 12 ing as a group in a common center or centers, and which
- 13 plans are offered by organizations which have operated such
- 14 plans for at least the five years immediately preceding ap-
- 15 proval by the Commission of the plan in which employees may
- 16 enroll.
- 17 (B) Individual-practice prepayment plans.—
- 18 Individual-practice prepayment plans which offer health
- 19 services in whole or substantial part on a prepaid basis,
- 20 with professional services thereunder provided by individual
- 21 physicians who agree, under certain conditions approved by
- 22 the Commission, to accept the payments provided by the plans
- 23 as full payment for covered services rendered by them includ-
- 24 ing, in addition to in-hospital services, general care rendered
- 25 in their offices and the patients' homes, out-of-hospital diag-
- 26 nostic procedures, and preventive care, and which plans are

1	offered by organizations which have operated such plans
2	for at least the five years immediately preceding approval by
3	the Commission of the plan in which employees may enroll.
4	TYPES OF BENEFITS
5	Sec. 5. The benefits to be provided under plans described
6	in section 4 may be of the following types:
7	(1) Service benefit plan.—
8	(A) Hospital benefits.
9	(B) Surgical benefits.
10	(C) In-hospital medical benefits.
11	(D) Ambulatory patient benefits.
12	(E) Supplemental benefits.
13	(F) Obstetrical benefits.
14	(2) Indemnity benefit plan.—
15	(A) Hospital care.
16	(B) Surgical care and treatment.
17	(C) Medical care and treatment.
18	(D) Obstetrical benefits.
19	(E) Prescribed drugs, medicines, and prosthetic
20	devices.
21	(F) Other medical supplies and services.
22	(3) Employee organization plans.—Benefits of
23	the types specified in this section under paragraph (1) or
24	(2) or both.
25	(4) COMPREHENSIVE MEDICAL PLANS.—Benefits of

1	the types specified in this section un	nder paragraph (1) or
2	(2) or both.	

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CONTRACTING AUTHORITY

- SEC. 6. (a) The Commission is authorized, without re-4 gard to section 3709 of the Revised Statutes or any other 5 provision of law requiring competitive bidding, to enter into 6 contracts with qualified carriers offering plans described in 7 section 4. Each such contract shall be for a uniform term 8 of at least one year, but may be made automatically renew-9 able from term to term in the absence of notice of termination 10 by either party. 11
- (b) (1) To be eligible as the carrier for the plan described in section 4(2), a company must be licensed to issue group health insurance in all the States of the United States and the District of Columbia.
- 16 (2) Each contract for a plan described in paragraph 17 (1) or (2) of section 4 shall require the carrier—
 - (A) to reinsure with such other companies as may elect to participate, in accordance with an equitable formula based on the total amount of their group health insurance benefit payments in the United States during the latest year for which such information is available, to be determined by the carrier and approved by the Commission, or
 - (B) to allocate its rights and obligations under the

- contract among such of its affiliates as may elect to participate, in accordance with an equitable formula to be
- 3 determined by the carrier and such affiliates and ap-
- 4 proved by the Commission.
- 5 (c) Each contract under this Act shall contain a de-
- 6 tailed statement of benefits offered and shall include such
- 7 maximums, limitations, exclusions, and other definitions of
- 8 benefits as the Commission may deem necessary and desirable.
- 9 (d) The Commission is authorized to prescribe regu-
- 10 lations fixing reasonable minimum standards for health bene-
- 11 fits plans described in section 4 and for carriers offering such
- 12 plans. Approval of such a plan shall not be withdrawn
- 13 except after notice and opportunity for appeal by the carrier
- 14 or carriers concerned.
- (e) No contract shall be made or plan approved which
- 16 excludes any person because of race, sex, health status, or, at
- 17 the time of the first opportunity to enroll, because of age.
- 18 (f) No contract shall be made or plan approved which
- 19 does not offer to each employee and annuitant whose enroll-
- 20 ment in the plan is terminated, other than by a cancellation of
- 21 enrollment, a temporary extension of coverage during which
- 22 he may exercise the option to convert, without evidence of
- 23 good health, to a nongroup contract providing health

- 1 benefits. An employee or annuitant who exercises this option
- 2 shall pay the full periodic charges of the nongroup contract,
- 3 on such terms or conditions as are prescribed by the carrier
- 4 and approved by the Commission.
- 5 (q) The benefits and coverage made available pursuant
- 6 to the provisions of subsection (f) shall, at the option of the
- 7 employee or annuitant, be noncancelable by the carrier except
- 8 for fraud, overingurance, or nonpayment of periodic charges.
- 9 (h) Premiums under health benefits plans described in
- 10 section 4 shall reasonably and equitably reflect the cost of the
- 11 benefits provided. Premiums under health benefits plans de-
- 12 scribed in section 4(1) and (2) shall be determined on a basis
- 13 which, in the judgment of the Commission, is consistent with
- 14 the lowest schedule of basic rates generally charged for new
- 15 group health benefit plans issued to large employers. Premium
- 16 rates determined for the first contract term shall be continued
- 17 for subsequent contract terms, except that they may be read-
- 18 justed for any subsequent term, based on past experience and
- 19 benefit adjustments under the subsequent contract. Any read-
- 20 justment in rates shall be made in advance of the contract
- 21 term in which they will apply and on a basis which, in the
- 22 judgment of the Commission, is consistent with the general
- 23 practice of carriers which issue group health benefit plans to
- 24 large employers.

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CONTRIBUTIONS

2	Sec. 7. (a) (1) The contribution of the Government to
3	the subscription charge for each enrolled employee or annui-
4	tant shall be the lesser of (A) 50 per centum of the sub-
5	scription charge or (B) such other amounts as the Commis-
6	sion by regulation may from time to time prescribe. The
7	amounts so prescribed shall not—

- 8 (i) be less than \$1.25 or more than \$1.75 biweekly
 9 for an employee or annuitant who is enrolled for self
 10 alone, or
- (ii) be less than \$3 or more than \$4.25 biweekly for an employee or annuitant who is enrolled for self and family, except that if a nondependent husband is a member of the family of a female employee or annuitant who is enrolled for herself and family the amount so prescribed shall not be less than \$1.75 or more than \$2.50 biweekly.
- 19 rolled employee or annuity of each enrolled annuitant so
 20 much as is necessary, after deducting the contribution of the
 21 Government, to pay the subscription charge for his enroll22 ment. The amount withheld from the annuity of an an23 nuitant shall be equal to the amount withheld from the salary

1	of	an	employee	when	both	are e	nrolled	in	the	same	plan
2	pr	ovid	ing the sa	me hea	elth b	enefits.	No.		-1		

3 (3) The contributions of the Government as initially
4 determined by the Commission and the contributions of the
5 employees and annuitants may from time to time be read6 justed, subject to the limitations on amounts contained in
7 paragraph (1), on the basis of past experience and proposed
8 benefit adjustments, such readjustment to be in the same ratio
9 as the contributions of the Government bear to the contribu10 tions of the employees and annuitants at the time of the initial

determination by the Commission.

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- 12 (b) An employee enrolled in a health benefits plan 13 under this Act who is placed in a leave without pay status 14 shall have his coverage and the coverage of members of his 15 family continued under such plan for a period not to exceed 16 one year in accordance with regulations prescribed by the 17 Commission. Such regulations may provide for the waiving 18 of contributions by the employee and the Government.
- 20 ernment with respect to any employee shall be paid from—
 21 (1) the appropriation or fund which is used for
 22 payment of the salary, wage, or other compensation of
 23 such employee,

(c) The sums authorized to be contributed by the Gov-

24 (2) in the case of an elected official, from such ap-

the state of the s

1	propriation or fund as may be available for payment
2	of other salaries of the same office or establishment, and

- (3) in the case of an employee in the legislative 3 branch whose salary, wage, or other compensation is 4 disbursed by the Clerk of the House of Representatives,
- from the contingent fund of the House. 6
- The sums authorized by subsection (a)(1) to be contributed
- by the Government with respect to any annuitant shall be 8
- paid from annual appropriations which are hereby author-9
- 10 ized to be made for such purpose.
- 11 (d) The Commission shall provide for conversion of
- rates of contribution specified in this section in the cases of 12
- 13 employees and annuitants paid on other than a biweekly
- 14 basis, and for this purpose may provide for adjustment of
- 15 any such rate to the nearest cent.

16 EMPLOYEES HEALTH BENEFITS FUND

- 17 Sec. 8. (a) There is hereby created an Employees
- 18 Health Benefits Fund, hereinafter referred to as the "Fund",
- 19 to be administered by the Commission, which is hereby made
- 20 available without fiscal year limitation for the payment of
- 21 all premiums to approved health benefits plans. The con-
- tributions of employees, annuitants, and the Government 22
- 23 described in section 7 shall be paid into the Fund.
- 24 (b) Portions of the contributions made by employees,
- 25 annuitants, and the Government shall be regularly set aside

in the Fund as follows: (1) a percentage, not to exceed 1 2 1 per centum of all such contributions, determined by the 3 Commission as reasonably adequate to pay the administrative expenses made available by section 9; (2) for each health 4 5 benefits plan, a percentage, not to exceed 3 per centum of 6 the contributions toward such plan, determined by the Com-7 mission as reasonably adequate to provide a contingency 8 reserve. The income derived from any dividends, premium 9 rate adjustments, or other refunds made by a plan shall be 10 credited to its contingency reserve. The contingency reserves 11 may be used to defray increases in future premiums, or may 12 be applied to reduce the contributions of employees and the 13 Government to, or to increase the benefits provided by, the 14 plan from which such reserves are derived, as the Commis-15 sion shall from time to time determine.

16 (c) The Secretary of the Treasury is authorized to in17 vest and reinvest any of the moneys in the Fund in interest18 bearing obligations of the United States and to sell such
19 obligations of the United States for the purposes of the Fund.
20 The interest on and the proceeds from the sale of any such
21 obligations shall become a part of the Fund.

ADMINISTRATIVE EXPENSES

SEC. 9. (a) There are hereby authorized to be expended from the Employees' Life Insurance Fund, without regard to limitations on expenditures from that Fund, for the fiscal

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- 1 years 1960 and 1961, such sums as may be necessary to pay
- 2 administrative expenses incurred by the Commission in carry-
- 3 ing out the provisions of this Act. Reimbursements to the
- 4 Employees' Life Insurance Fund for sums so expended,
- 5 together with interest at a rate to be determined by the Sec-
- 6 retary of the Treasury, shall be made from the Employees
- 7 Health Benefits Fund.
- 8 (b) The Employees Health Benefits Fund is hereby
- 9 made available (1) to reimburse the Employees' Life In-
- 10 surance Fund for sums expended by the Commission in ad-
- 11 ministering the provisions of this Act for the fiscal years 1960
- 12 and 1961 and (2), within such limitations as may be
- 13 specified annually by the Congress, to pay such expenses for
- 14 subsequent fiscal years.
- 15 ADMINISTRATION
- 16 Sec. 10. (a) The Commission is authorized to promul-
- 17 gate such regulations as may be necessary to carry out the
- 18 provisions of this Act.
- (b) Regulations of the Commission shall include regu-
- 20 lations with respect to the beginning and ending dates of
- 21 coverage of employees and annuitants and members of their
- 22 families under health benefits plans, and for such purpose may
- 23. permit such coverage to continue, exclusive of the temporary
- 24 extension of coverage described in section 6(f), until the
- 25 end of the pay period in which an employee is separated from

- 1 service or until the end of the month in which an annuitant
- 2 ceases to be entitled to annuity, and in case of the death of
- 3 such employee or annuitant may permit a temporary ex-
- 4 tension of the coverage of the members of his family for a
- 5 period not to exceed ninety days.
- 6 (c) Any employee enrolled in a plan under this Act who
- 7 is removed or suspended without pay and later reinstated or
- 8 restored to duty on the ground that such removal or suspen-
- 9 sion was unjustified or unwarranted shall not be deprived of
- 10 coverage or benefits for the interim but shall have his cover-
- 11 age restored to the same extent and effect as though such
- 12 removal or suspension had not taken place, and appropriate
- 13 adjustments shall be made in premiums, subscription charges,
- 14 contributions, and claims.
- 15 (d) The Commission shall make available to each em-
- 16 ployee eligible to enroll in a health benefits plan under this
- 17 Act such information, in a form acceptable to the Commission
- 18 after consultation with the carrier, as may be necessary to
- 19 enable such employee to exercise an informed choice among
- 20 the types of plans referred to in section 4. Each employee
- 21 enrolled in such a health benefits plan shall be issued an appro-
- 22 priate certificate setting forth or summarizing the services or
- 23 benefits (including such maximums, limitations, and exclu-
- 24 sions as the Commission may deem necessary or desirable)
- 25 to which the employee, or the employee and members of his

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1	family, are entitled thereunder, the procedure for obtaining
2	benefits, and the principal provisions of the plan affecting the
3	employee or members of his family.
4	STUDIES, REPORTS, AND AUDITS
5	Sec. 11. (a) The Commission shall make a continuing
6	study of the operation and administration of this Act, in-
7	cluding surveys and reports on health benefits plans avail-
8	able to employees and on the experience of such plans.
9	(b) The Commission shall include provisions in con-
10	tracts with carriers which would require carriers to (1)
11	furnish such reports as the Commission determines to be
12	necessary to enable it to carry out its functions under this Act,
13	and (2) permit the Commission and vepresentatives of the
14	General Accounting Office to examine records of the carriers
15	as may be necessary to carry out the purposes of this Act.
16	(c) Each Government department, agency, and independ-
17	ent establishment shall keep such records, make such certifi-
18	cations, and furnish the Commission with such information
19	and reports as may be necessary to enable the Commission

21 REPORTS TO CONGRESS

to carry out its functions under this Act.

SEC. 12. The Commission shall transmit to the Con-22 23

gress annually a report concerning the operation of this Act.

24 ADVISORY COMMITTEE

SEC. 13. The Chairman of the Commission shall appoint 25

- 1 a committee composed of five members who shall serve without
- 2 compensation, to advise the Commission regarding matters of
- 3 concern to employees under this Act. Each member of such
- 4 committee shall be an employee enrolled under this Act or an
- 5 elected officer of an employee organization.

6 JURISDICTION OF COURTS

- 7 Sec. 14. The district courts of the United States shall
- 8 have original jurisdiction, concurrent with the Court of
- 9 Claims, of any civil action or claim against the United States
- 10 founded upon this Act.

11 EFFECTIVE DATE

- 12 SEC. 15. The provisions of this Act relating to the enroll-
- 13 ment of employees and annuitants in health benefits plans
- 14 and the withholding and payment of contributions shall take
- 15 effect on the first day of the first pay period which begins on
- 16 or after July 1, 1960.

Passed the Senate July 16, 1959.

Attest:

FELTON M. JOHNSTON,

Secretary.

86TH CONGRESS

TH CONGRESS S. 2162

[Report No. 957]

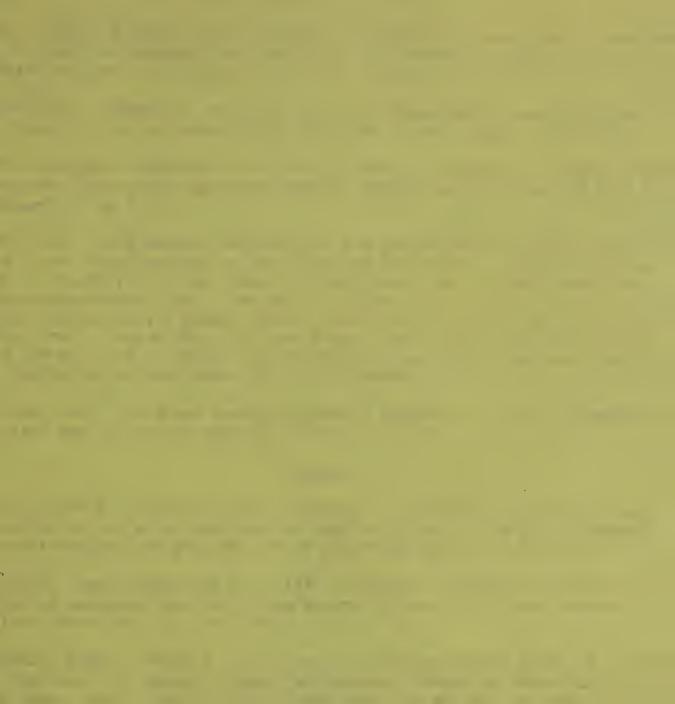
To provide a health benefits program for Government employees.

JULY 20, 1959

Referred to the Committee on Post Office and Civil Service

August 20, 1959

Reported with an amendment, committed to the Committee of the Whole House on the State of the Union, and ordered to be printed





- 3. -

No. 1418

- 12. RUBLIC LANDS; WILDLIFE. The Judiciary Committee reported without amendment H. R. 2725, to prohibit the use of aircraft or motor vehicles to hunt wild houses or burros on public lands (S. Rept. 802). p. 15358
- 13. ACCOUNTING; ALLOTMENTS. Received from this Department a report on the overobligation of an allotment under the school lunch program. p. 15357
- 14. APPROPRIATIONS. Received from the President a supplemental appropriation estimate for various agencies (does not include any estimate for this Department). p. 15357
- 15. WATERSHEDS. Both Houses received from the Budget Bureau a report on plans for works of improvement on the following watersheds: Blackberry River and N. Branch Park River, Conn., Taylor Creek, Fla., Potato Creek, Ga., Crab Orchard Creek, Ky., East Fork of Clarks River, Ky. and Tenn., SuAsCo, Mass., Bowman-Spring Branch, Nebr., Santa Cruz River, N. Mex., Willakenzie area, Ore., Green-Dreher, Pa., and Caney Creek, Tex.; to S. Agriculture and Forestry and H. Agriculture Committees; and Caney-Coon Creek, Okla.; to Public Works Committees. pp. 15357, 15468
- 16. FOREIGN TRADE. Received from the Commerce Department a report on export control for the second quarter of 1959. p. 15357

HOUSE

- 17. SMALL BUSINESS. Passed without amendment H. R. 8599, to amend the Small Business Act so as to increase the revolving fund of the Small Business Administration from \$900,000,000 to \$1,100,000,000. pp. 15419-23
- 18. VEHICLES. Began debate on H. R. 1341, to require passenger-carrying motor vehicles purchased for use by the Federal Covernment to meet certain safety standards. pp. 15424-46
- 19. MINERALS; LANDS. Debated H. Con. Res. 177, declaring the sense of Congress on the depressed domestic mining and mineral industries affecting public and other lands. (pp. 15423-4, 15446-58). The resolution providing for the consideration of this measure was adopted earlier in the day (pp. 15423-4).
- 20. LANDS. The Agriculture Committee reported without amendment S. 1453, to authorize this Department to sell a tract of Forest Service land to Keosauqua, Iowa (H. Rept. 965); S. 1521, to provide for the removal of the restriction on use with respect to a certain tract of land in Cumberland County, Tenn. (H. Rept. 966); and with amendment H. R. 6669, to provide that the Louisiana State University may use certain real property heretofore conveyed to it for general educational purposes (H. Rept. 976). pp. 15468-9
- 21. RECLAMATION. The Interior and Insular Affairs Committee reported with amendment H. R. 4279, to construct and maintain the lower Rio Grande rehabilitation project, Texas (H. Rept. 971), and without amendment H. R. 4952, to amend the Act authorizing the Crooked River Federal reclamation project. Oregon, in order to increase the capacity of certain project features for future irrigation of additional lands (H. Rept. 973). pp. 15468-9

- 22. WHEAT. The Agriculture Committee reported without amendment H. R. 4874, to provide for preserving wheat acreage history on farms on which the farm marketing excess is adjusted to zero because of underproduction (H. Rept. 972). pp. 15468-9
- 23. RESEARCH; FISHERIES. The Merchant Marine and Fisheries Committee reported with amendment H. R. 5004, to undertake continuing research on the biology of the migratory marine species of game fish of the U. S. and contiguous waters (H. Rept. 974); and without amendment H. R. 5813, to undertake continuing studies of the effects of insecticides upon fish and wildlife for the purpose of preventing losses of those invaluable natural resources (H. Rept. 975). p. 15469
- 24. SOIL BANK. The Agriculture Committee reported with amendment H. R. 8043, to authorize certain conservation reserve payments to producers due to erroneous contract approval (H. Rept. 977). p. 15469
- 25. AGRICULTURAL ATTACHES. The Agriculture Committee reported without amendment H. R. 8074, to permit the assignment of agricultural attaches to duty in the U. S. for a maximum of four years without reduction in grade (H. Rept. 978). p. 15469
- 26. TARIFFS; EXHIBITS. The Ways and Means Committee reported with amendment H. R. 6249, to liberalize the tariff laws for works of art and other exhibition material (H. Rept. 984). p. 15469
- 27. PERSONNEL. The report of the House Post Office and Civil Service Committee in reporting S. 2162, to provide an employee health insurance program, summarizes the major provisions of the bill as follows:

"The reported bill makes basic and catastrophic health protection available to approximately 2 million Federal employees and their dependents. Employees will have free choice among health benefits plans in four major categories, including (1) a Government-wide service benefit plan, such as is offered by Blue Cross-Blue Shield, (2) a Government-wide indemnity benefit plan, such as is currently offered by several insurance companies, (3) one of several employee organization plans, such as the present health plans of the National Association of Letter Carriers and the National Federation of Post Office Clerks, and (4) a comprehensive medical plan, which may be either a group-practice prepayment plan (such as the Kaiser Foundation plan in California and the Group Health Association plan in Washington, D.C.) or an individual-practice prepayment plan (such as the Group Health Insurance plan in New York). Government-wide service benefit plan and the Government-wide indemnity benefit plan each will include at least two levels of benefits.

"The reported bill retains the provisions of the Senate-passed bill (1) providing for 50 percent contribution by the Government to subscription charges and (2) establishing biweekly maximum contributions of \$1.75 for an individual employee, \$4.25 for an employee and family, and \$2.50 for a female employee and family including a non-dependent husband.

- 5 -

"Employees will be eligible for enrollment in health benefits plans without having to pass any physical examination and, in the event of their separation from Government service, may convert their coverage to a private health benefits plan without undergoing any physical examination. It is intended that each of the foregoing plans will provide a wide range of hospital, surgical, medical, and related benefits designed to afford the employees full or substantially full protection against expenses of both common and catastrophic illness or injury.

"Responsibility and authority for administration of the health benefits program in the interest of both the employees and the Government is vested in the U. S. Civil Service Commission. The Commission will execute contracts with the Government-wide service plan carrier and the Government-wide indemnity plan carrier and will make suitable arrangements to place the other types of plans in effect through appropriate contracts or agreements.

"Provision is made for the prime insurer under the Government-wide indemnity benefit plan to reinsure with such other qualified companies as may elect to participate, in accordance with an equitable formula. Similar provision is made for the prime carrier under the Government-wide service benefit plan to allocate its rights and obligations under its contract among such of its affiliates as may elect to participate.

"No person will be excluded from participation in the health benefits program because of race, sex, health status, or (at the time of first opportunity to enroll) age.

"With respect to the service benefit plan and the indemnity benefit plan, the reported bill requires the Commission to enter into contracts which call for premium rates that are competitive with those generally charged for a new group health insurance sold to large employers. For the premiums agreed upon, the Commission is charged with negotiating the best possible basic health and major medical benefits. These provisions are designed to assure maximum health benefits for employees at the lowest possible cost to themselves and to the Government.

"The Government will contribute 50 percent to the subscription charge for each enrolled employee, but not more than certain amounts which the Commission may prescribe from time to time subject to (1) biweekly minimums of \$1.25 for an individual employee or annuitant, \$3 for an employee or annuitant and family, and \$1.75 for a female employee and family including a nondependent husband, and (2) biweekly maximums of \$1.75 for an individual employee, \$4.25 for an employee or annuitant and family, and \$2.50 for a female employee and family including a nondependent husband. The provisions for contributions are related to the service benefit plan and the indemnity benefit plan authorized by section 4 of the bill, thus permitting each employee to exercise independent judgment and obtain the plan which best suits his or her individual needs or family circumstances.

"The bill provides for setting aside portions of total contributions (1) not exceeding 1 percent for administrative expenses, and (2) not

exceeding 3 percent to provide a contingency reserve or margin for adjustment based on experience without seeking further legislation. "The Commission will make available to each employee eligible to enroll in a health benefits plan information which will enable the employee to exercise an informed choice among the various plans. Each employee will be issued an appropriate certificate summarizing the benefits under the plan selected." ITEMS IN APPENDIX 28. INTEREST RATES. Extension of remarks of Sen. Bush and insertion of two newspaper articles dealing with the subject of thrift and rates of Interest. pp. A7284-5 29. CREDIT UNIONS. Extension of remarks of Sen. Neuberger commending America's credit unions for service in making available credit to persons of limited financial resources and insertion of a newspaper article discussing the growth of credit unions in the U.S. p. A7288 30. ELECTRIFICATION Sen. Kefauver inserted an article containing several statements by the Hon. Brooks Hays, member of the Board of Directors of TVA, commending the activities of TVA. p. A7290 Extension of remarks of Sen. Wiley and insertion of a Rural Electric Cooperative resolution expressing approval of S. Res. 21, expressing the sense of the Senate relating to making of loans by REA. p. A7292 31. SURPLUS COMMODITIES. Extension of remarks of Rep. Edmondson regarding the endorsement and support which has been forthcoming for the establishment of a Great White Fleet of mercy ships. pp. A7291-2 Speech in the House by Rep. Springer discussing the provisions of Public Law 480 and stating that it "is one of the most helpful and farreaching pieces of legislation in behalf of agriculture that has been passed by the Congress in over a quarter of a century." pp. A7296-7 Extension of remarks of Rep. Alger and insertion of a newsletter giving a roundup of congressional activities, discussion of Public Law 480 provisions, and expressing the opinion that the general recommendations of the President for reduced price support levels and eased acreage requirements will get little if any attention this session. pp. A7299-300 32. WILDERNESS. Extension of remarks of Sen. Mansfield commending and inserting an article, "Wilderness and Wildlife," favoring the proposed wilderness bill. pp. A7297,8 33. FARM PROGRAM. / Rep. Adair inserted an editorial, "Wide Honor for Benson," which discusses "guiding principles" drafted by farm economists who are working under the FAO. pp. A7302-3 34. FORESTRY; LANDS. Rep. Berry inserted two editorials favoring his proposed program of "Operation Bootstrap" for Indians. pp. A7308-9

35. FLAG. Extension of remarks of Rep. Doyle inserting the text of a statement issued by the White House giving the background history of the flag of the U. S. pp. A7313-4

the Immigration and Nationality Act, the minor child, Yadwiga Boczar, shall be held and considered to be the natural-born alien child of Mr. and Mrs. Joseph Pelczar, citizens of the United States: Provided, That the natural parents of the said Yadwiga Boczar shall not, by virtue of such parentage, be accorded any right, privilege, or status under the Immigration and Nationality Act.

The bill was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table

OURIANIA REN BLIKAS

The Clerk called the bill (S. 2101)

for the relief of Ouranie Ben Blikas.

Mr. CONTE. Mr. Speaker, I ask
unanimous consent that this bill may be passed over without prejudice.

The SPEAKER. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

RECONVEYANCE TO SOPHRONIA SMILEY DELANEY AND HER SONS

The Clerk called the bill (S. 6) to provide for the conveyance of certain real property of the United States to Sophronia Smiley Delaney and her sons.

There being no objection, the Clerk read the bill, as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the Secretary of Agriculture shall convey by quit-claim deed to Sophronia Smiley Delaney, Woodworth, Louisiana, and her sons Charles Franklin Delaney, Junior, Jimmie Scott De-laney, and Jack Richard Delaney, upon the payment by them to the United States of the sum of \$2,500, all right, title, and inter-est of the United States in and to the real property described in section 2, which land was acquired by the United States at a cost of \$2,500 for use in connection with Camp Claiborne, Louisiana, during World War II.

SEC. 2. The real property referred to in the first section of this Act is more particularly described as follows: South half of northeast quarter and north half of southeast quarter of section 8, township 2 north, range 2 west, Louisiana meridian, containing 160 acres more or less, Rapides Parish, Louisiana.

With the following committee amendment:

Page 1, line 7, strike out "\$2,500" and insert "\$5,000."

The committee amendment was agreed

The bill was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

Mr. HEMPHILL. Mr. Speaker, I ask unanimous consept that the further call of the Calendar be dispensed with.

The SPEAKER. Is there objection to the request of the gentleman from South Carolina?

There was no objection.

OPERATING CARRYBACKS RE-SULTING FROM RENEGOTIATION

Mr. MILLS submitted the following conference report and statement on the bill (H.R. 2906) to extend the period for filing claims for credit or refund of overpayments of income taxes arising as a result of renegotiation of Government contracts:

CONFERENCE REPORT (H. REPT. No. 1105)

The committee of conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H.R. 2906) to extend the period for filing claims for credit or refund of overpayments of income taxes arising as a result of renegotiation of Government contracts, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the House recede from its disagreement to the amendment of the Senate and ment to the same.
agree to the same.
W. D. Mills,

AIME J. FORAND, CECIL R. KING, RICHARD M. SIMPSON, NOAH M. MASON, Managers on the Part of the House.

HARRY F. BYRD, ROBT. S. KERR, J. ALLEN FREAR,

JOHN J. WILLIAMS, FRANK CARLSON, Managers on the Part of the Senate,

STATEMENT

The managers on the part of the House at

The managers on the part of the House at the conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H.R. 2906) to extend the period for filing claims for credit or refund of overpayments of income taxes arising as a result of the engotiation of Government contracts, submit the following statement in explanation of the effect of the action agreed upon by the conferees and recommended in the accompanying conference report:

The Senate amendment added to the bill as passed the House a new section 2, directing the Secretary of the Treasury or his delegate to allow redit or refund to Dexter Phillips and Janette H. Phillips of an income tax overpayment for the calendar year 1951, to the extent such overpayment was attributable to the erroneous inclusion in their grass income for such year of the amount received by Dexter Phillips in final distribution of his grandfather's estate. The House recedes.

W. D. Mills,

Alme J. Forand.

W. D. MILLS. AIME J. FORAND, CECIL R. KING, RICHARD M. SIMPSON, NOAH M. MASON,

Managers on the Part of the House.

GOVERNMENT EMPLOYEES HEALTH BENEFITS PROGRAM

Mr. MURRAY. Mr. Speaker, I move to suspend the rules and pass the bill (S. 2162) to provide a health benefits program for Government employees, with an amendment.

The Clerk read as follows:

Strike out all after the enacting clause and insert: That this Act may be cited as the 'Federal Employees Health Benefits Act of 1959'.

"DEFINITIONS

Sec. 2. As used in this Act-

"(a) 'Employee' means an appointive or elective officer or employee in or under the executive, judicial, or legislative branch of the United States Government, including a Government-owned or controlled corporation (but not including any corporation under the supervision of the Farm Credit Admin-istration, of which corporation any mem-ber of the board of directors is elected or appointed by private interests), or of the municipal government of the District of Columbia, and includes an Official Reporter

of Debates of the Senate and a person employed by the Official Reporters of Debates of the Senate in connection with the per-formance of their official duties, and an employee of Gallaudet College, but does not include (1) a member of a 'uniformed service' as such term is defined in section 1072 of title 10 of the United States Code, (2) a noncitizen employee whose permanent-duty station is located outside a State of the United States or the Distric of Columbia, or (3) an employee of the Tennessee Valley Authority.

"(b) 'Government' means the Government of the United States of America (including the municipal government of the District

of Columbia)

"(c) 'Annuitant' means—
"(1) an employee who on or after the effective date of the provisions referred to in section 15 retires on an immediate annuity, under the Civil Service Retirement Act or other retirement system for civilian employees of the Government, after twelve or more years of service or for disability,
"(2) a member of a family who receives

an immediate annuity as the survivor of a retired employee described in clause (1) of an employee who dies after completing

five or more years of service,

"(3) an employee who receives monthly compensation under the Federal Employees' Compensation Act as a result of injury sustained or illness contracted on or after such date of enactment and who is determined by the Secretary of Labor to be unable to return to duty, and

"(4) a member of a family who receives monthly compensation under the Federal Employees' Compensation Act as the surviving beneficiary of (A) an employee who, having completed five or more years of service, dies as a result of illness or injury compensable under such Act or (B) a former employee who is separated after having completed five or more years of service and who dies while receiving monthly compensation under such Act on account of injury sustained or illness contracted on or after such date of enactment and has been held by the Secretary of Labor to have been unable to return to duty.

For the purpose of this subsection, "service" means service which is creditable for the

purposes of the Civil Service Retirement Act.

"(d) 'Member of family' means an employee's or annuitant's spouse and any unmarried child (1) under the age of nineteen years (including (A) an adopted child, and (B) a stepchild or recognized natural child who lives with the employee or annuitant in a regular parent-child relationship), or (2) regardless of age who is incapable of self-support because of mental or physical incapacity that existed prior to his reaching the age of nineteen years.

"(e) 'Dependent husband' means a husband who is incapable of self-support by reason of mental or physical disability which can be expected to continue for more than one year.

"(f) 'Health benefits plan' means a group insurance policy or contract, medical or hospital service agreement, membership or subscription contract, or similar group arrangement provided by a carrier for the purpose of providing, paying for, or reimbursing expenses for health services.

"(g) 'Carrier' means a voluntary association, corporation, partnership, or other non-governmental organization which is lawfully engaged in providing, paying for, or reimbursing the cost, of health services under group insurance policies or contracts, medical or hospital service agreements, membership or subscription contracts, or similar group arrangements, in considerations of the periodic charges. tion of premiums or other periodic charges payable to the carrier, including a health benefits plan duly sponsored or underwritten by an employee organization.

"(h) 'Commission' means the United States Civil Service Commission.

'Employee organization' means an association or other organization of employees which-

(1) is national in scope or

"(2) in which membership is open to all employees of a Government department, agency, or independent establishment who are eligible to enroll in a health benefits plan under this Act,

and which on or before December 31, 1959, applies to the Commission for approval of a plan provided for by section 4(3) of this

"ELECTION OF COVERAGE

"SEC. 3. (a) Any employee may, at such time, in such manner, and under such conditions of eligibility as the Commission may by regulation prescribe, enroll in an approved health benefits plan described in section 4 either as an individual or for self and family. Such regulations may provide for the exclusion of employees on the basis of the nature and type of their employment or conditions pertaining thereto, such as, but not limited to, short-term appointments, seasonal or intermittent employment, and employment of like nature, but no employee or group of employees shall be excluded solely on the basis of the hazardous nature of their employment.

"(b) Any annuitant who at the time he becomes an annuitant shall have been en-rolled in a health benefits plan under this

"(1) for a period not less than (A) the five years of service immediately preceding retirement or (B) the full period or periods of service between the last day of the first period, as prescribed by regulations of the Commission, in which he is eligible to enroll in such a plan and the date on which he becomes an annuitant, whichever is shorter, or

"(2) as a member of the family of an em-

ployee or annuitant-

may continue his enrollment under such conditions of eligibility as may be prescribed by regulations of the Commission.

(c) If an employee has a spouse who is an employee, either spouse (but not both) many enroll for self and family, or either spouse may enroll as an individual, but no person may be enrolled both as an employee or annuitant and as a member of the family.

"(d) A change in the coverage of any employee or annuitant, or of any employee or annuitant and members of his family, enrolled in a health benefits plan under this Act may be made by the employee or anupon application filed with sixty nuitant days after the occurrence of a change in family status or at such other times and under such conditions as may be prescribed by regulations of the Commission.

"(e) A transfer of enrollment from one health benefits plan described in section 4 to another such plan may be made by an employee or annuitant at such times and under such conditions as may be prescribed by regulations of the Commission.

"HEALTH BENEFITS PLANS

"SEC. 4. The Commission may contract for or approve the following health benefits

- "(1) SERVICE BENEFIT PLAN.—One Government-wide plan (offering two levels of benefits) under which payment is made by a carrier under contracts with physicians, hospitals, or other providers of health services for benefits of the types described in section 5(1) rendered to employees or annuitants, or members of their families, or, under certain conditions, payment is made by a carrier to the employee or annuitant or members of his families. ber of his family.
- "(2) INDEMNITY BENEFIT PLAN.—One Government-wide plan (offering two levels of benefits) under which a carrier agrees to pay

certain sums of money, not in excess of the actual expenses incurred, for benefits of the types described in section 5(2).

(3) EMPLOYEE ORGANIZATION PLANS .- Employee organization plans which offer benefits of the types referred to in section 5(3), which are sponsored or underwritten, and are administered, in whole or substantial part, by employee organizations, which are available only to persons (and members of their families) who at the time of enrollment are members of the organization, and which on July 1, 1959, provided health benefits to members of the organization.

"(4) COMPREHENSIVE MEDICAL PLANS.—
"(A) GROUP-PRACTICE PREPAYMENT PLANS.-Group-practice prepayment plans which offer health benefits of the types referred to in section 5(4), in whole or in substantial part on a prepaid basis, with professional services thereunder provided by physicians practicing as a group in a common center or centers. Such a group shall include physicians representing at least three major medical specialities who receive all or a substantial part of their professional income from the prepaid funds.

"(B) INDIVIDUAL-PRACTICE PREPAYMENT

"(B) INDIVIDUAL-PRACTIC PLANS.—Individual-practice prepayment plans which offer health services in whole or substantial part on a prepaid basis, with professional services thereunder provided by individual physicians who agree, under certain conditions approved by the Commission, to accept the payments provided by the plans as full payment for covered services rendered by them including, in addition to in-hospital services, general care rendered in their offices and the patients' homes, outof-hospital diagnostic procedures, and preventive care, and which plans are offered by organizations which have successfully operated such plans prior to approval by the Commission of the plan in which employees may enroll.

"TYPES OF BENEFITS

"Sec. 5. The benefits to be provided under plans described in section 4 may be of the following types:

"(1) SERVICE BENEFIT PLAN.-

"(A) Hospital benefits.

"(B) Surgical benefits.

"(C) In-hospital medical benefits.
"(D) Ambulatory patient benefits.

"(E) Supplemental benefits.

"(F) Obstetrical benefits.
"(2) INDEMNITY BENEFIT PLAN.—
"(A) Hospital care.

"(B) Surgical care and treatment.

"(C) Medical care and treatment. "(D) Obstetrical benefits.

"(E) Prescribed drugs, medicines, and prosthetic devices.

"(F) Other medical supplies and services. "(3) EMPLOYER ORGANIZATION PLANS.— Benefits of the types specified in this section under paragraph (1) or (2) or both.

"(4) COMPREHENSIVE MEDICAL PLANS.— Benefits of the types specified in this section under paragraph (1) or (2) or both.

"All plans contracted for under paragraphs (1) and (2) shall include benefits both for costs associated with care in a general hospital and for other health service costs of a catastrophic nature.

"CONTRACTING AUTHORITY

"SEC. 6. (a) The Commission is authorized, without regard to section 3709 of the Revised Statutes or any other provision of law requiring competitive bidding, to enter into contracts with qualified carriers offering plans described in section 4. Each such contract shall be for a uniform term of at least one year, but may be made automatically renewable from term to term in the absence of notice of termination by either party.

"(b) (1) To be eligible as the carrier for the plan described in section 4(2), a company must be licensed to issue group health insurance in all the States of the United States and the District of Columbia.

(2) Each contract for a plan described in paragraph (1) or (2) of section 4 shall require the carrier—

"(A) to reinsure with such other companies as may elect to participate, in accordance with an equitable formula based on the total amount of their group health insurance benefit payments in the United States during the latest year for which such information is available, to be determined by the carrier and approved by the Commis-

sion, or
"(B) to allocate its rights and obligations under the contract among such of its affiliates as may elect to participate, in accordance with an equitable formula to be determined by the carrier and such affiliates

and approved by the Commission.

"(c) Each contract under this Act shall contain a detailed statement of benefits offered and shall include such maximums, limitations, exclusions, and other definitions of benefits as the Commission may deem

necessary or desirable.

"(d) The Commission is authorized to prescribe regulations fixing reasonable minimum standards for health benefits plans described in section 4 and for carriers offering such plans. Approval of such a plan shall not be withdrawn except after notice, and opportunity for hearing without regard to the Administrative Procedure Act, to the carrier or carriers concerned.

'(e) No contract shall be made or plan approved which excludes any person because of race, sex, health status, or, at the time of the first opportunity to enroll, because

of age.

"(f) No contract shall be made or plan approved which does not offer to each employee and annuitant whose enrollment in the plan is terminated, other than by a cancellation of enrollment, a temporary extension of coverage during which he may exercise the option to convert, without evidence of good health, to a nongroup contract providing health benefits. An employee or annuitant who exercises this option shall pay the full periodic charges of the nongroup contract, on such terms or conditions as are prescribed by the carrier and approved by the Commission.

"(g) The benefits and coverage made available pursuant to the provisions of subsection (f) shall, at the option of the employee or annuitant, be noncancelable by the

carrier except for fraud, overinsurance, or nonpayment of periodic charges. "(h) Rates charged under health benefits plans described in section 4 shall reasonably and equitably reflect the cost of the benefits provided. Rates under health benefits plans described in section 4 (1) and (2) shall be determined on a basis which, in the judgment of the Commission, is consistent with the lowest schedule of basic rates generally charged for new group health benefit plans issued to large employers; rates determined for the first contract term shall be continued for subsequent contract terms, except that they may be readjusted for any subsequent term, based on past experience and benefit adjustments under the subsequent contract; any readjustment in rates shall be made in advance of the contract term in which they will apply and on a basis which, in the judgment of the Commission, is consistent the general practice of carriers which issue group health benefit plans to large em-

"CONTRIBUTIONS

"Sec. 7. (a) (1) Except as otherwise provided in this subsection, the contribution of the Government to the subscription charge of a plan for each enrolled employee or annuitant shall be such amounts as the Commission by regulation may from time to time prescribe. The amounts so prescribed shall

"(A) be less than \$1.25 or more than \$1.75 blweekly for an employee or annuitant who

is enrolled for seif alone, or

(B) be less than \$3 or more than \$4.25 biweekly for an employee or annuitant who is enrolled for self and family, except that If a nondependent husband is a member of family of a female employee or annuitant who is enrolled for herself and family the amount so prescribed shall not be less than \$1.75 or more than \$2.50 biweekly.

"For an employee or annultant enrolled in a plan described under section 4 (3) or (4) whose blweekly subscription charge is less than \$2.50 for an employee or annultant en-rolled for self aione or \$6 for an employee or annuitant enroiled for self and family, the contribution of the Government shall be 50 per centum of such subscription charge, except that if a nondependent husband is a member of the famliy of a female employee or annuitant who is enrolled for herself and family the contribution of the Government shall be 30 per centum of such subscription charge.

"(2) There shall be withheld from the salary of each enroiled employee or annuity of each enrolled annuitant so much as is necessary, after deducting the contribution of the Government, to pay the total charge for his enrollment. The amount withheld from the annuity of an annuitant shall be equal to the amount withheld from the salary of an employee when both are enrolled in the same plan providing the same health

benefits.

"(3) The contributions of the Government as initially determined by the Commission and the contributions of the employees and annuitants may from time to time be readjusted, subject to the Ilmitations on amounts contained in paragraph (1), on the basis of past experience and proposed benefit adjustments, such readjustment to be in the same ratio as the contributions of the Government bear to the contributions of the employees and annuitants at the time of the initial determination by the Commission.

"(b) An employee enrolled in a health benefits plan under this Act who is placed in a leave without pay status may have his coverage and the coverage of members of his family continued under such plan for a period not to exceed one year in accordance with regulations prescribed by the Commission. Such regulations may provide the waiving of contributions by the

employee and the Government.

The same authorized to be contributed by the Government with respect to

any empioyee shall be paid from-

(1) the appropriation or fund which is used for payment of the salary, wage, or

other compensation of such employee,
"(2) in the case of an elected official, from such appropriation or fund as may be available for payment of other salaries of the same office or establishment,

"(3) in the case of an employee in the legislative branch whose salary, wage, or other compensation is disbursed by the Clerk of the House of Representatives, from the contingent fund of the House, and

the case of an employee in a "(4) in leave without pay status, from the appropriation or fund which would be used for the payment of the salary of such employee if he were in a pay status.

The sums authorized by subsection (a)(1) to be contributed by the Government with respect to any annuitant shall be paid from annual appropriations which are hereby authorized to be made for such purpose.

"(d) The Commission shall provide for conversion of rates of contribution specified in this section in the cases of employees and annuitants paid on other than a bi-weekly basis, and for this purpose may provide for adjustment of any such rate to the nearest cent. "EMPLOYEES HEALTH BENEFITS FUND

"SEC. 8. (a) There is hereby created an Employees Health Benefits Fund, hereinafter referred to as the "Fund", to be administered by the Commission, which is hereby made available without fiscai year ilmitations for all payments to approved heaith The contributions of embenefits plans. ployees, annuitants, and the Government described in section 7 shall be pald into the

"(b) Portions of the contributions made by employees, annultants, and the Government shall be regularly set aside in the Fund as follows: (1) a percentage, not to exceed 1 per centum of all such contributions, determined by the Commission as reasonably adequate to pay the administrative expenses made available by section 9; (2) for each health benefits plan, a percentage, not to exceed 3 per centum of the contributions toward such pian, determined by the Commission as reasonably adequate to provide a contingency reserve. The income derived from any dividends, rate adjustments, or other refunds made by a plan shall be credited to its contingency reserve. The contingency reserves may be used to defray increases in future rates, or may be applied to reduce the contributions of employees and the Government to, or to increase the benefits provided by, the plan from which such reserves are derived, as the Commission shall from time to time determine.

"(c) The Secretary of the Treasury is authorized to invest and reinvest any of the moneys in the Fund in interest-bearing obligations of the United States and to sell such obligations of the United States for the purposes of the Fund. The interest on and the proceeds from the sale of any such obligations shall become a part of the Fund.

"ADMINISTRATIVE EXPENSES

"SEC. 9. (a) There are hereby authorized to be expended from the Employees' Life Insurance Fund, without regard to limitations on expendltures from that Fund, for the fiscal years 1960 and 1961, such sums as may be necessary to pay administrative expenses incurred by the Commission in carrying out the health benefits provisions of this Act. Reimbursements to the Employees' Life Insurance Fund for sums so expended, together with interest at a rate to be determined by the Secretary of the Treasury, shall be made from the Employees Health Benefits Fund.

"(b) The Employees Health Benefits Fund is hereby made avallable (1) to reimburse the Employees' Life Insurance Fund for sums expended by the Commission in administering the provisions of this Act for the fiscal years 1980 and 1961 and (2), within such limitations as may be specified annually by the Congress, to pay such expenses for subsequent fiscal years.

"ADMINISTRATION

"Sec. 10. (a) The Commission is authorized to promulgate such regulations as may be necessary to carry out the provisions of this Act.

"(b) Regulations of the Commission shall include regulations with respect to the beginning and ending dates of coverage of employees and annuitants and members of their families under health benefits plans, and for such purpose may permit such coverage to continue, exclusive of the temporary extension of coverage described in section 6(f), until the end of the pay period in which an employee is separated from service or until the end of the month in which an annuitant ceases to be entitled to annuity, and in case of the death of such employee or annuitant may permlt a temporary extension of the coverage of the members of his

family for a period not to exceed ninety days.

"(c) Any employee enrolled in a plan under this Act who is removed or suspended without pay and later reinstated or restored to duty on the ground that such removal or suspension was unjustlfied or unwarranted shall not be deprived of coverage or benefits for the interim but shall have his coverage restored to the same extent and effect as though such removal or suspension had not taken place, and approprlate adjustments shall be made in premiums, subscription charges, contributions, and claims.

"(d) The Commission shall make avail-

able to each employee eligible to enroll in a health benefits plan under this Act such information, in a form acceptable to the Commission after consultation with the carrier, as may be necessary to enable such empioyee to exercise an informed choice among the types of plans referred to in section 4. Each employee enrolled in such a health benefits plan shall be issued an appropriate document setting forth or summarizing the services or benefits (including maximums, limitations, and exclusions), to which the employee, or the employee and members of his family, are entitled thereunder, the procedure for obtaining benefits, and the principal provisions of the plan affecting the employee or members of his famlly.

"STUDIES, REPORTS, AND AUDITS

"SEC. 11. (a) The Commission shail make a continuing study of the operation and administration of this Act, including surveys and reports on health benefits plans available to employees and on the experience of such plans.

"(b) The Commission shall include provisions in contracts with carriers which would require carriers to (1) furnish such reasonable reports as the Commission determlnes to be necessary to enable it to carry out its functions under this Act, and (2) permit the Commission and representatives of the General Accounting Office to examine records of the carriers as may be necessary to carry out the purposes of this Act.

"(c) Each Government department, gency, and independent establishment agency, shall keep such records, make such certifications, and furnish the Commission with such information and reports as may be necessary to enable the Commission to carry out its functions under this Act.

"REPORTS TO CONGRESS

"SEC. 12. The Commission shall transmit to the Congress annually a report concerning the operation of this Act.

"ADVISORY COMMITTEE

13. The Chairman of the Commission shall appoint a committee composed of five members who shall serve without compensation, to advise the Commission regarding matters of concern to employees under this Act. Each member of such committee shall be an employee enrolled under this Act or an elected officer of an employee organization.

"JURISDICTION OF COURTS

"SEC. 14. The district courts of the United States shall have original jurisdiction, concurrent with the Court of Claims, of civil action or claim against the United States founded upon this Act.

"EFFECTIVE DATE

"Sec. 15. The provisions of this Act reiating to the enrollment of employees and annuitants in health benefits plans and the withholding and payment of contributions shall take effect on the first day of the first pay period which begins on or after July 1, 1960."

The SPEAKER pro tempore. Is a second demanded?

Mr. REES of Kansas. Mr. Speaker, I demand a second.

The SPEAKER pro tempore. Without objection, a second will be considered as ordered.

There was no objection.

The SPEAKER pro tempore. The gentleman from Tennessee [Mr. Mur-RAY] will be recognized for 20 minutes, and the genteman from Kansas [Mr. REES] for 20 minutes.

The gentleman from Tennessee is rec-

ognized.

Mr. MURRAY. Mr. Speaker, I have requested consideration of S. 2162 under suspension of the rules in order that a Federal employees health benefits program may receive final approval in this session of Congress. The period between date of enactment and the effective date—next July 1—will be needed for the Civil Service Commission to work out the necessary regulations and the contracts with the various carriers.

Legislation providing for voluntary health insurance for Federal employees has been before the Congress for the past 5 years. On each occasion it seems there has been difficulty in meeting objections voiced by those who would provide the health benefits and by the employees who would pay a share of the costs, as well as objections by the Government which would be called upon to pay a substantial amount toward the health program proposed for its employees.

I believe that I can say, Mr. Speaker, that this legislation now represents a meeting of the minds of all concerned. It has been greeted with enthusiasm on the part of Federal employees and I think it is considered a very happy solution by those who will provide the services. I also feel assured that the Government agencies concerned are pleased

with the committee bill.

In general this legislation provides for the establishment of a health benefits program for Federal employees which will include both basic hospitalization and medical services and extended, or "catastrophic illness," coverage. The minimum biweekly contributions by the Government will be \$3 for an employee and family and \$1.25 for an individual employee, except that if 50 percent of the subscription charge is less than such minimum the Government will pay the 50 percent. The bill fixes the maximum biweekly Government contribution at \$4.25 for an employee and family and \$1.75 for an individual employee. Each employee will pay the difference between the Government contribution and the total subscription charge. This will permit employees to obtain coverage best suited to their individual needs. For example, an employee with only one dependent may obtain a plan, suited to his income, to which the Government contributes substantially one-half of the cost, while another employee with heavier responsibilities may obtain a plan with broader benefits to suit his needs by paying somewhat over 50 percent of the cost.

Under the bill as reported by our committee, Federal employees will be given a choice of four different types of health

insurance plans. They may select any one of these and it is expected as between the different types there will be sufficient competition to require that those providing the services or indemnities will have to come forth with their very best proposals. In fact, the Civil Service Commission, which is charged with carrying out this program, is enjoined to be sure that the services and charges are at least comparable with the largest group health insurance programs existing in private industry.

The choices of plans which the Federal employees may select are as follows:

First. The service plan or the type of plan generally carried out by Blue Cross-Blue Shield organization;

Second. The indemnity type plan provided by insurance companies;

Third. Certain specific plans presently carried by Federal employee organizations; and

Fourth. The group practice prepayment plan, among the best known being Group Health Association here in Washington and Group Health Insurance Plan in New York State.

The bill differs from the Senate passed bill in a number of important respects. These differences, in the judgment of our committee, represent improvements and meet objections that were presented to us at our hearings.

I might say to you that the Committee held full and complete hearings on this legislation. Following these hearings, we drew up the amendment to the Senate bill which is a new bill and represents the committee's views. It has the unanimous approval of our committee.

The following are the major differences between our committee bill and the bill as it passed the Senate:

First, we eliminated the retroactive provision of the bill as it would have applied to employees retiring involuntarily after the passage of the bill but before its effective date on July 1, 1960.

Our bill revises the definition covering employee group health plans which would be eligible under the bill. As it passed the Senate, the bill would make eligible only the health plans of national employee groups which are bona fide labor organizations. It would have excluded nearly 300,000 individuals covered by other plans — including groups presently enrolled under health planssuch as employees of the Federal Bureau of Investigation, the Central Intelligence Agency, the National Security Agency, and others. Our bill provides a definition which permits these organizations to continue their plans and come under the provisions of S. 2162.

The most important provision, of course, is the sharing of the cost by the Government. Under our bill the service plan and indemnity contracts will have two levels of benefits. This will permit those requiring greater coverage to obtain such a program. The Federal Government, however, would pay the same toward each plan regardless of level of benefits. The additional cost would be paid by the employee.

The bill as passed the Senate contained considerable detail with respect

to the service benefit plan. It was the view of our committee that this was misleading and that if all the benefits listed were to be provided, they could be provided at best for no more than 1 year without an increase in the maximum payment contained in the bill for the Federal Government. These descriptions are eliminated in our committee bill, permitting the Civil Service Commission more latitude in working out a health program which is adequate.

While the Senate bill established maximum biweekly employee contributions under the bill, with a matching Government contribution, there is no provision for a minimum contribution.

The Civil Service Commission testified before our committee that they interpreted the Senate-passed bill to permit them to provide any type of a health benefits plan up to the maximum cost. Our committee bill retains the same maximum contribution on the part of the Federal Government. However, it writes in a minimum contribution provision, which in our judgment, is needed in order to establish an adequate program. It also provides sufficient flexibility between the minimum contribution and the maximum contribution so that the program may be operated for a reasonable period of time before rising hospital and medical costs require increases in premiums.

The House bill requires the Civil Service Commission to set aside a contingency reserve of not more than 3 percent of the total contributions. The Senate bill did not contain such a provision, but in the Senate committee report on their bill recommended that this

reserve be set aside.

The Senate bill recommended the establishment of an Advisory Council with considerable authority and responsibility for administration and operations. This was opposed strongly by the Civil Service Commission and our committee was besieged by requests from almost every branch of the medical profession—and others—to be represented on this Advisory Council. The Committee bill replaces this Advisory Council with an authorization to the Chairman of the Civil Service Commission to appoint a five-member advisory committee, to be selected from among Federal employees or officers of Federal employee organizations, to advise on employee problems relating to the program.

The Senate bill would have established a Bureau of Retirement and Insurance within the Civil Service Commission, thus creating a new bureau. This is omitted

from our committee bill.

The Senate bill would have required prior submission of contracts to the House and Senate Post Office and Civil Service Committees. This is also omitted from our committee bill.

The estimated first year cost of the legislation, based upon the minimum Government contributions, is \$214,000,-000—half of which will be paid by the Federal Government and the remaining half by the Federal employees who participate.

Mr. Speaker, I am convinced that we have a good sound health benefits pro-

gram for our Federal employees as contained in the proposed committee amendment to S. 2162. I do not expect any controversy with respect to this measure. I hope it will receive the overwhelming approval of the House.

Mr. GROSS. Mr. Speaker, will the gentleman yield?

Mr. MURRAY. I yield to the gentleman from Iowa.

Mr. GROSS. Mr. Speaker, I desire to commend the chairman of the Committee on Post Office and Civil Service, Mr. Murray, for the manner in which he

MURRAY, for the manner in which he expedited consideration of this difficult bill in committee; also for the fairness and adequacy of the hearings. I want to join the gentleman in support of this bill

Mr. MURRAY. I thank the gentleman from Iowa.

Mr. REES of Kansas, Mr. Speaker, I yield myself 4 minutes.

(Mr. REES of Kansas asked and was given permission to revise and extend his remarks.)

Mr. REES of Kansas. Mr. Speaker, I believe the distinguished chairman of our committee has made a fair explanation of the provisions in this proposed legislation. The intent and purpose of the measure have been pretty well explained. I believe the subject matter is familiar to all Members of the House.

I want to pay special tribute to the chairman who has always favored a sound and workable health benefits program. I know something of the long hours and personal attention he has devoted to this complex legislation.

This is an amended Senate bill. Our committee hearings demonstrated the necessity of resolving the many questions involved in the preparation of this measure. Our committee made many improvements, as I see it, in the bill that came from the other body.

This bill has the unanimous approval of the members of the House Post Office and Civil Service Committee. It has the enthusiastic support of Federal employees. It is approved by the Civil Service Commission. It has the recommendation of all major insurance companies and others who provide for health services. Private enterprise will participate in carrying out the terms of this legislation.

Mr. Speaker, I believe Members of the House are in general support of this program known as the Federal employees' health benefits program. Legislation to establish a health benefits program for Federal employees has been before the House in each Congress beginning with the 83d. It will close a wide gap between Government in its capacity as employer and the employer in private enterprise with respect to health benefits for employees.

Mr. Speaker, reduced to its simplest terms, this legislation is an authorization for the Civil Service Commission, by contract or other suitable arrangement and within certain dollar limitations, to provide Federal civilian employees protection against expenses of medical care and treatment for themselves and families and the often crush-

ing burden of major, or extended, illness or injury.

In other words, the contracting and related authority under which the Civil Service Commission will provide these health benefits for employees is similar, in effect, to contracting authority under which Government departments and agencies procure goods and services to carry out all essential Government programs. In this instance, the services to be procured represent health benefits for Government employees—a type of service now generally recognized as necessary to an effective working relationship between the Government as an employer and its employees.

Viewed in this light, one of the important results under this legislation will be to facilitate and strengthen the conduct of Government activities in general through improved employee relations. The health program will assist in improving the competitive position of the Government, with respect to private enterprise, in the recruitment and retention of competent civilian personnel needed for the conduct of our defense and other essential Government programs

This benefit to the Government goes hand in hand with the very valuable health protection made readily available to the employees because the Government will share approximately half of the cost. The addition of health benefits to the existing fringe benefits package for Government employees—which now includes retirement and survivor annuities, group life insurance, annual and sick leave, compensation for job-connected injury or death, uniform allowances, and other benefits-will place Government employees' fringe benefits on a par with those offered by the most progressive private industries.

I will touch briefly on several additional points in the bill which I believe warrant special attention by the Members.

The new health benefits plan will be made available to some 2 million employees and their families, or an estimated 4.5 million individuals, without having to pass any physical examination. Should a covered employee leave Government service, he will have the option to convert his coverage to a private plan without having to pass a physical examination. As all of us know, eligibility for health protection under such a liberal provision will be most helpful, particularly among the senior employees and others who would find it difficult to pass physical examinations.

From a standpoint of clarity, also, the reported bill demonstrates the value of the careful consideration given this measure by your Post Office and Civil Service Committee. A great deal of surplus and confusing language has been eliminated, especially in describing the health benefits which employees will have, making the measure completely understandable for the first time. We have had ample evidence that Government employees and the general public were being completely misled as to the scope and nature of the benefits to be

provided under the bill. The proposed committee amendment now before this House removes any possibility of misinterpretation.

During the past several years my studies of proposed health benefit programs for Federal employees have convinced me that the greatest need lies in the area of protection against the cost of extended or "catastrophic" illness or injury. Our committee hearings confirmed this conclusion. We have known that Government employees' participation in so-called basic hospital, medical, and surgical health plans is about on a par with participation by the general public in such plans. Enrollment in these basic plans throughout the United States has grown from 4 million in 1940 to 123 million today, representing 70 percent of the population. Approximately 70 percent of Federal employees presently have this coverage. However, although extended medical coverage for the public has grown from 700,000 in 1952 to 17 million in 1959, only a handful of Federal employees have this protection. This was a matter of primary concern to the committee. The reported bill makes this extremely important protection available to Federal employees, along with the more generally prevalent basic coverage, at a cost within their means.

I also want to point out that no person will be excluded from the new health benefits program because of race, sex, health status, or hazardous nature of employment. Nor will age be any bar at the time of any individual's first opportunity to enroll in the program.

Another major improvement contained in the reported bill is the requirement that the service benefit plan and the indemnity plan-which are expected to be the two largest plans—each must offer at least two levels of benefits. This will enable each and every employee to choose a level of benefits which suits individual and family needs and income. For example, a young employee, in good health and with relatively lesser family responsibilities, may choose a lower level of benefits which will provide protection adequate for his responsibilities, while a senior employee—who well may anticipate the need for a higher level of health benefits-will have access to superior benefits by paying a reasonable additional cost.

It is to be observed, in this connection, that in the original contracts the Government contribution will be exactly the same for the employee who selects the lower level of benefits and the employee who selects the higher level of benefits.

Each employee will have a free choice among health benefit plans in four general categories—a service benefit plan, an imdemnity benefit plan, an employee organization plan, and a comprehensive medical plan. There will be one service benefit plan and one indemnity benefit plan, each with two levels of benefits. There may be several employee organization plans and several comprehensive plans, depending upon qualification of existing plans of these types under the

standards written into the bill and Civil Service Commission regulations to apply these standards.

Each employee will be furnished full information on all types of plans before he makes his selection, in order to permit him to make an informed choice. Each enrollee under a plan will be given a certificate summarizing the benefits

under his plan.

Since this is a program for employees, who will pay half the cost, the reported bill authorizes the Chairman of the Civil Service Commission to appoint a committee of five employees to advise the Commission regarding matters of employee concern. Each member of the committee must be either an employee enrolled in a health benefits plan or an elected officer of an employee organiza-This provision insures that the new program will be continued with the same primary objectives intended in the enactment of the legislation, that is, that it shall be a joint Governmentemployee cooperative health benefit program for Federal employees. Both the Civil Service Commission and the employees will be free at any time to obtain independent advice from medical authorities and from insurance and other providers of health services and benefits.

The Civil Service Commission will submit annual reports covering operations under this legislation, and the Post Office and Civil Service Committee will conduct a continuing review to carry out its responsibility for legislative oversight as provided by section 136 of the Legislative Reorganization Act of 1946.

Mr. Speaker, only in a few instances has there been greater unanimity among the members of the House Post Office and Civil Service Committee than there is with respect to this measure, as reported by the committee. I believe that this enthusiastic and unanimous agreement foretells the overwhelming approval that the bill will receive in this Chamber, so that the Federal employees' health benefits program may become a reality in this session of Congress.

Mr. BOW. Mr. Speaker, will the gentleman yield?

Mr. REES of Kansas. I yield to the gentleman from Ohio.

Mr. BOW. The bill provides that it shall include the Official Reporters of Debates in the Senate. Do I understand that it also includes the Official Reporters of Debates in the House?

Mr. REES of Kansas. The House reporters are also included in this bill.

Mr. BOW. The Senate reporters are provided for. I just want the legislative history to show that it includes the Official Reporters of Debates in the House.

Mr. REES of Kansas. I thank the gentleman. The legislative history will show this legislation includes Official Reporters of Debates in the House.

Mr. Speaker, I now yield 4 minutes to the gentleman from Michigan [Mr. Johansen].

(Mr. JOHANSEN asked and was given permission to revise and extend his remarks.)

Mr. JOHANSEN. Mr. Speaker, I have commented on more than one occasion that the Federal Government has, among many other roles, the role and responsibility of an employer. It is my belief that in the legislation now before the House the Congress and the Government are meeting a very definite and a long-needed responsibility of the Government as an employer. I strongly urge the support and the adoption of this bill.

Mr. Speaker, there is no need to discuss it in great detail, but I should like to point out first of all that the unanimity of the committee in voting out the bill is a tribute to the chairman and the minority leader who both insisted that we have painstaking and thorough hearings on the legislation, and the bill before you is better because those hearings were held. No. 1: The bill is sound in that it provides a maximum of choices to the employee. It provides a maximum of choices both with respect to type of insurance program, covering hospitalization and medical care, and as to the choice that they have between a major emphasis on the catastrophic type of coverage, and the first-cost type of coverage. The fact that they have choices, and that four categories of plans are provided, is the best assurance that we could ask for that the plans will be competitive, and that the maximum benefits will be provided at a minimum of cost to the employee.

I particularly commend the legislation before this House because it provides not only for the so-called service type of program, Blue Cross and Blue Shield, and for the insurance, indemnity underwritten types of programs, but it also preserves those plans which have long been in effect and which are a tribute to the initiative of the employees, sometimes as long as 25 and 20 years ago, in setting up their own group hospitalization programs. Those programs are protected, and the option of continuing under them is provided with Government participation in the contributions being

added.

Finally, this legislation clearly vests in the Civil Service Commission administrative responsibility for the program. It provides that that responsibility shall go to the matter of starting with a modest type of program costwise, and yet one which has under it a floor of minimum participation and of minimum benefits. I think the fruits of the efforts of the committee testify to the thoroughness with which it has done its work. We have the opportunity here to provide a major advance in the realm of personnel relations between the Government as an employer and the more than 2 million employees and the members of their families.

Mr. GROSS. Mr. Speaker, will the gentleman yield?

Mr. JOHANSEN. I am happy to yield to my colleague on the committee.

Mr. GROSS. Mr. Speaker, while we on the Committee on Post Office and Civil Service think we have brought in a good bill, we are fully aware that we are entering a new and completely untried field so far as the Federal Govern-

ment is concerned, and there will have to be adjustments made on the basis of trial and error.

Mr. JOHANSEN. The gentleman is entirely correct. That is one reason why we have insisted on a modest start on this program.

Mr. MURRAY. Mr. Speaker, I yield 3 minutes to the gentleman from Louisiana [Mr. Morrison].

(Mr. MORRISON asked and was given permission to revise and extend his remarks.)

Mr. MORRISON. Mr. Speaker, the cost of hospitalization and medical treatment has increased so much in the past few years that it is almost necessary to be either a pauper or a millionaire to obtain adequate medical and hospital treatment. In other words, if you are in poverty, you get it free; you get the finest hospitalization all over the United States in various charity hospitals. On the other hand, if you are a millionaire. you can afford the finest in medical treatment. But, as far as Government employees are concerned, people in an average walk of life, when misfortune strikes them and they need hospitalization, many of them have all their savings wiped out and others in many instances go into debt and remain in debt for the balance of their lives. This bill is the answer, this is it, as far as solving this very serious problem is concerned for all the Federal employees of this great country of ours.

It is necessary that this be enacted into law at this session of Congress because it will take over a year to get this in proper shape, to put it into effect by next July. For 5 years we have tried many times to get an adequate hospitalization bill, something that would come within the responsibilities of the U.S. Government as well as within the reach of the Federal employees. We failed on many occasions. But this time it looks as though we have arrived at a suitable bill. It certainly fills a great need for every Federal employee in this great Nation of ours.

This legislation has been carefully considered in the other body, which passed it. It has been carefully considered by our committee and passed out unanimously.

Mr. Speaker, one of my most gratifying experiences during this session has been the unanimous sentiment of my fellow members of the Post Office and Civil Service Committee in favor of enactment of a health insurance program for Federal civilian employees and their families. The committee voted unanimously to report out the bill S. 2162 which is now before the House. This bill, if enacted, would provide a health insurance program for Federal employees to which both the employees and the Government, as their employer, would make financial contributions.

This enthusiastic and unanimous agreement among the members of our committee followed hard on the heels of the overwhelming approval which this bill, S. 2162, received in the other body. I am certain that it foretells the overwhelming approval the bill will receive in this chamber.

Mr. Speaker, at the end of 1958, 123 million people-70 percent of our population-had some kind of insurance protection against the expenses of illness or injury. During our committee's careful and extensive hearings on S. 2162, it was developed that out of the 123 million who had some form of health insurance protection, approximately 89 million were nongovernment employees and their dependents whose insurance was acquired in connection with their employment. I regret to say that, up to now, our Federal employees cannot be counted among the 89 million citizens covered by an insurance plan which is sponsored by an employer.

The U.S. Government month after

month compiles statistics on the everincreasing costs of medical care and on the trend among employers to help insure their employees against these costs. It is hard to understand why this same Government, in the role of employer, should have gone so long without sponsoring a health insurance plan for

its own employees.

Perhaps the explanation for our failure to sponsor a health insurance program is that for an organization as large as the Government, it is an extremely complicated proposition. In any event, it is a matter of record that for at least the last 5 years attempts have been made to enact legislation which would have provided health insurance to Federal employees. It is also a matter of record that each time legislation was introduced, it failed of enactment because the various parties in interest could not agree on the kind of program the Government should sponsor.

Now we have this bill, S. 2162, which would provide the kind of health insurance program upon which all parties in interest are in wholehearted agreement; this includes the administration, the employees, and the insurance companies. I must say that I sincerely admire the chairman and members of the Post Office and Civil Service Committee of the other body for their ability to formulate a legislative measure with which all parties are in accord. It remains only for Members of this body to signify their

agreement.

Mr. Speaker, during the extensive hearings before our Committee, I was much impressed by two earnest young men who came to testify from New York at their own expense in favor of health insurance legislation. These two young men stated that they were representing some 800 supervisors of the Navy Department who were responsible for the efforts of more than 4,000 scientific personnel in naval establishments across the Nation who were engaged in perfecting nuclear propulsion systems, antisubmarine warfare systems and guided missiles.

These two young men—and I think they are representative of all the scientific and technical people in the Government upon whom our national security largely depends—explained the difficulties they were having in recruiting the scientists and engineers we so badly need. One of the young men stated:

During recruitment interviews the medical area is painfully avoided. The applicant,

however, well aware of the fringe benefits commonly offered by outside industries, invariably raises this issue. Such remarks as, "You mean the Government doesn't have this coverage?" or "Why doesn't the Government have medical coverage? The other two companies I was interviewed by did" are common during any college recruitment session.

This short simple statement eloquently says what many witnesses before our committee tried to communicate: Our continued failure to provide a health insurance program for Federal employees has not only put the Government far behind industry in this respect, it is affecting us where it hurts most—in the area of maintaining our national defense and prestige.

It was my pleasure and privilege to introduce H.R. 8210 which is a companion bill to S. 2162. If this legislation is enacted into law, and I sincerely trust and hope it will be, it will be a great day for the loyal employees of our Government and will help to prevent untold suffering and thereby greatly help those people when they are in need of adequate hospital care and medical treatment.

Mr. REES of Kansas. Mr. Speaker, I yield 3 minutes to the gentleman from Virginia [Mr. Broyhill].

Mr. BROYHILL. Mr. Speaker, as the sponsor of two Federal employee health insurance bills very similar to S. 2162, I view the consideration of the present proposal with considerable interest. May I therefore urge the passage of this worthy legislation without delay.

We have deprived the employees of the Federal Government of benefits taken for granted by the other segments of our economy long enough. More than 75 percent of the 123 million persons who are enrolled in prepaid health benefit plans in the United States today are enrolled through the places where they work. This is indeed a clear indication of the wide aceptance by private employers of their employees' right to certain health benefits. I can see no reason for the Federal Government to provide less for the more than two million persons it employs than does private industry. Certainly the financial rewards of Government service are not so great that we can afford to ignore the importance of job-related health benefits.

We are most fortunate that the legislation before us today has received close and thorough scrutiny. For a dozen years measures to provide health insurance coverage to Federal employees have been presented to Congress. S. 2162 is very similar to a number of bills, including my own, introduced in both Houses of Congress during this session. It is a careful compromise with the wishes of the administration. The Senate has given the measure overwhelming endorsement. This House, I hope, will do the same. S. 2162 also has the support of interested organizations—the insurance industry and the voluntary plans, the American Medical Association and the American Hospital Association, as well as Federal employee unions.

There has been some discussion as to whether the Government's share of this program would constitute too great a financial burden. May I remind the

critics of S. 2162 that the original bill considered by the Senate committee provided for a Government payment of two-thirds of the cost of the bill. The 50–50 sharing of cost under this proposal seems to me to be an equitable and reasonable compromise.

Perhaps the outstanding merit of this bill is that it would provide Federal employees with generous health benefits at a cost which they can afford, and without having to pass physical examinations. Studies of popular attitudes toward health insurance reveal that a primary reason for lack of coverage is the expense of certain plans. The range of minimum and maximum biweekly premiums under this plan—from \$1.25 to \$1.75 for individual employees and from \$3 to \$4.25 for employees with families eliminates this drawback.

Another reason frequently cited for lack of coverage is that insurance benefits have been lost upon change of job. S. 2162 would not only provide that retired employees continue to receive benefits upon payment of their share of the premium, but also permit employees to convert their coverage if they left the Government.

I want to emphasize, too, that the health benefits provided by the bill are broadly protective. There is no fine print. Under S. 2162 Federal employees could receive not only generous basic health benefits but also major medical expense benefits. Hospital care, surgery, and limited care for tuberculosis and nervous or mental conditions would be included among the basic health benefits. We were gratified to hear Blue Cross officials promise that they would be willing to provide the maximum basic benefits, such as 120 days of hospital care under the maximum contribution rates, as spelled out in the bill.

The major medical provisions of S. 2162, which supplement the basis benefits of the bill, would provide Federal employees with coverage frequently excluded from voluntary health insurance plans. Enrollment in major medical plans providing protection for expenses of so-called "catastrophic" illness or injury has grown from 500,000 in 1952 to 17 million today—yet only a handful of Federal employees have been able to afford this protection. S. 2162 will close this serious gap in health benefits for Federal employees and their families.

There is yet another important advantage to this proposal. S. 2162 has combined simplicity of administration and freedom of choice for the individual. The individual employee would be able to choose between several health insurance plans, a factor I am sure we all consider important. Yet part of the choice would be limited to two nation-wide plans. These are representative of the two major types of health insurance in this country—voluntary, nonprofit plans and commercial plans. In addition, the employee would be free to participate in group practice plans and plans sponsored by employee organizations where these were available.

It is my considered opinion that S. 2162 is in every respect a health benefits bill for Federal employees of which we can all be proud. Moreover, this

particular bill has been strongly supported by interested groups. We have the opportunity to give untold relief to thousands of Federal employees who often go from month to month without knowing how their medical bills will be

There has been ample time for careful study and deliberation over this ques-The time is ripe. I respectfully urge the members of this body to hesitate no longer. Let us do our part in insuring the continuation of high standards which will make Government service an attraction and not a sacrifice. Let us enact S. 2162, as amended, into the law of the land.

Mr. MURRAY. Mr. Speaker, I yield 2 minutes to the gentleman from Georgia [Mr. DAVIS].

Mr. DAVIS of Georgia. Mr. Speaker, as author of two health insurance bills, H.R. 494 and H.R. 8222, I am glad to support legislation which would establish a health insurance program for Federal

The Federal employees, in my opinion, definitely need a program which will provide them with health insurance benefits during their active service with the Government and after their retirement. Such a program should also provide similar care for the dependents of these employees.

I introduced H.R. 494 at the beginning of the present Congress, which provided that the Government and the employees would share the cost of the benefits proposed for a health program, the Government to contribute two-thirds and the employees one-third.

I felt at that time that this division of cost was sound and that the Government should pay the larger share of the cost. I realize that at times we must be guided by the practicalities of the legislative situation. Also, I recognize the fact that there is considerable difference of opinion as to the extent to which the Government should share the cost. Much of this opinion favors a smaller Government contribution than I proposed in H.R. 494.

Mr. Speaker, the big difference between H.R. 494 and H.R. 8222 is on the ratio of costs between the employee and the Government. H.R. 494 provided that employees pay one-third, the Government pay two-thirds, and covered those already retired. H.R. 8222 provided a 50-50 ratio for payment and covers only active employees and those who are involuntarily retired before the active date of this legislation. This bill is similar to the Senate-approved bill, S. 2162, and my purpose in introducing it was to expedite action on this legislation.

While the contribution of the Government has been reduced in the second bill, that portion which would have to be paid by the employee still is within the means of a person who has the limited income of many Federal employees. In my opinion, to have a program that is acceptable to our employees, we must provide sufficient contribution for a practical health program, plus an adequate insurance plan against the catastrophic illnesses.

For some 12 years the legislation to provide health benefits to Federal employees has been before the House and

Senate Post Office and Civil Service Committees. I strongly feel that the time is right for consideration and approval of a health insurance program for our Federal employees. Today the average employee in the Government makes only about \$100 per week. It is therefore not at all difficult to understand the need that these employees have for health protection to themselves and for their dependents. All of us recognize the costs involved for a catastrophic illness or extended illness, such as tuberculosis, cancer, muscular dystrophy, and heart attacks.

This extended illness with the accompanying terrific expense, without some form of catastrophic sickness insurance, can hardly be borne financially by the Government employees in the top pay brackets, much less by the average Government employee. The legislation now before us will provide this much needed protection to our Federal employees.

Of equal importance in this health insurance program is the opportunity which employees should have to choose one of several different types of cover-This is also a feature of this bill. I feel very strongly that our employees should be able to choose the plan which best fits their needs. This legislation will allow the individual to choose between a benefit service plan, and indemnity-type plan, and in some instances, a group prepayment plan, or a program in his own employee organization. choice of plans must certainly be in any piece of legislation passed by the House.

There is one other aspect of this legislation which we should consider at this time. We are all most interested in maintaining the high quality of employees in the Federal Government. If the Federal Government in the future is to be able to attract able young people, it must be regarded by them as a progressive employer. It is well recognized that practically all of the progressive employers in this country today have health insurance programs for their employees. This legislation should prove, therefore, to be an effective means of attracting and retaining the well-qualified career type employees who are so necessary for an efficient and effective civil service.

Mr. Speaker, I appreciate this opportunity to present my views and I commend my colleagues for their hard work on this type of legislation. I commend our chairman for scheduling and holding hearings and I believe that the legislation which the Congress adopts will be a bill which will meet in large part the hospital and medical needs of our Federal employees.

Mr. REES of Kansas. Mr. Speaker, I yield 3 minutes to the gentleman from

New Jersey [Mr. Wallhauser].
Mr. BALDWIN. Mr. Speaker, will the gentleman yield?

Mr. WALLHAUSER. I yield. Mr. BALDWIN. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD immediately following the remarks of the gentleman from New Jersey.

The SPEAKER. Is there objection to the request of the gentleman from California?

There was no objection.

Mr. WALLHAUSER. Mr. Speaker, I rise in support of S. 2162 and wish to pay my respects to the distinguished chairman of the Post Office and Civil Service Committee, the Honorable Tom Murray, of Tennessee, and the ranking minority member, the Honorable En-WARD H. REES, of Kansas, for their capable leadership and untiring efforts to bring legislation before the full membership that is carefully designed to give the maximum protection to the loyal army of Federal employees within reasonable governmental budgetary limits. This has been a truly bipartisan effort by all members of this committee.

I believe that the Federal Government has the utmost responsibility with respect to prepaid health service protection for its employees and their families. The action of the Federal Government undoubtedly will exert great influence upon other employers by the example it provides, thereby effectively increasing the welfare of the entire Nation.

Our legislation is the result of long and detailed hearings during which we had the benefit and advice of experts in the field, and in my opinion, is a com-pletely reasonable effort to solve this complex problem.

The administration of the program by the Civil Service Commission guarantees that it will be effectively and honestly administered. We will have the benefit of a continued study by the Commission of the operation and administration of the act, including surveys and reports on health benefits plans available to employees and on the experience of such plans, so that it is evident that we will be able to make improvements in the plan whenever this action is indicated. This provides essential flexibility.

It goes without saying that the need for health insurance has developed as one of the most important requirements of modern life. The medical and allied professions have made such an outstanding contribution to the raising of the standard of healthful living, even within the last decade, that it is important that we enable the several millions of dedicated governmental employees to take full advantage of this forward step in the history of mankind.

It is my sincere hope that all Members, recognizing the great need, will join together today in voting to pass this legislation.

Mr. BALDWIN. Mr. Speaker, I rise in support of S. 2162. This bill provides for a much-needed health and hospitalization program for Federal civilian employees. With this program in operation, our Federal employees will have greater security against disastrous illnesses. I hope this bill passes by an overwhelming vote.

Mr. MURRAY. Mr. Speaker, I yield such time as he may desire to the gentleman from Missouri [Mr. CARNAHAN]. Mr. CARNAHAN. Mr. Speaker, I

support S. 2162 and express appreciation to the gentleman from Tennessee [Mr. MURRAY], chairman of the Committee on Post Office and Civil Service, and to the gentleman from Kansas [Mr. REES], ranking minority member of the Committee, for the excellent work which this Committee has rendered to the health of

our approximately 2 million Government employees and their dependents.

The general purpose of this legislation is to facilitate and strengthen the administration of the activities of the Government generally and to improve personnel administration in the Government by providing a measure of protection for civilian Government employees against the high, unbudgetable, and, therefore, financially burdensome costs of medical services through a comprehensive Government-wide program of insurance for Federal employees and their dependents, the costs of which will be shared by the Government, as employer, on a 50-50 basis with its employees.

At the present time, a wide gap exists between the Government, in its capacity of employer, and employers in private enterprise, with respect to health benefits for employees. Enlightened, progresssive private enterprise almost universally has been establishing and operating contributory health benefit programs for its employees. Until now, the Government has made scant progress in this area.

This bill is designed to close the gap which now exists and bring the Government abreast of most private employers. It will enable Government employees to purchase protection, at a cost which is within their means.

Employees will be eligible for enrollment in health benefits plans without having to pass any physical examination and, in the event of their separation from Government service, may convert their coverage to a private health benefits plan without undergoing any physical examination. It is intended that the health benefits authorized through this legislation will provide a wide range of hospital, surgical, medical, and related benefits designed to afford the employees full or substantially full protection against expenses of both common and catastrophic illness or injury.

It is a pleasure to support this legislation which provides benefits for a deserving group of dedicated and hard working Federal employees including a large number of Federal employees in the Eighth Congressional District of Missouri, the district I have the honor and privilege of representing.

Mr. REES of Kansas. Mr. Speaker, I yield 3 minutes to the gentleman from Pennsylvania [Mr. CORBETT].

(Mr. CORBETT asked and was given permission to revise and extend his remarks.)

Mr. CORBETT. Mr. Speaker, the bill S. 2162 now before the House is the culmination of many years of effort and struggle with a most difficult and complex situation.

As long as 15 years ago, the need to provide a system of voluntary health insurance for Federal employees was recognized. This need has grown more acute with the years. At this late date, the U.S. Government, the largest employer in the Nation, does not provide a health insurance program for its own employees. This omission contributes in considerable measure to the expensive turnover among Federal personnel and to the handicap the Government suffers in attracting employees to the civil service.

During the last 10 years, various bills have been introduced which would have permitted health insurance payments to be deducted from employees' salary checks or which would have provided some contributory health insurance. None of these bills held out the promise of solving all the problems connected with a health insurance program and, in spite of the fact that the need for such a program became more pronounced as time went on, none of these bills was ever enacted.

The difficulties which confronted the sponsors of these bills were of at least three kinds:

First, the field of medical practice and therefore the field of health insurance were, and still are, undergoing rapid

Second, the sheer size of the Government—the number and dispersion of its employees—presents a staggering technical problem in devising an administratively workable health insurance system.

Finally, the differing philosophies and objectives of the administration, the Federal employees, and those who would have to underwrite the program—the nonprofit Blue Cross/Blue Shield and the commercial insurance companieshave made agreement difficult.

The bill, S. 2162, as it came to us from the other body is a tribute to the members of the Senate committee who had only a few short weeks to cope with the problems I have mentioned. That committee solved practically all of the technical complexities which confronted it and reconciled the conflicting views of the different parties in interest.

Aside from some perfecting changes which I am sure the committee in the other body would have made had time permitted, and a few substantive ones to which I will allude later, the bill now being considered here is substantially the same one as was enacted by the other body.

I would like to take a moment and review its principal features.

Practically all officers and employees of the Federal Government would be covered. With the exception of Tennessee Valley Authority employees who have their own contributory health insurance program, the bill would cover all employees who are now included under the Government's life insurance program, as well as their dependents. A large majority of insured employees who retire on or after July 1, 1960, and their dependents will be able to continue their coverage. Similarly, the bill permits survivors of deceased employees to remain insured if they wish to do so.

S. 2162 will give employees an unrestricted choice of enrolling in either of two Government-wide plans. One of these plans will be of the service type which pays expenses direct to the doctor and the hospital and the other will be of the indemnity type which reimburses the employee himself for his hospital and medical expenses.

Each of these Government-wide plans will have at least two options, with each option offering benefits at a different level and at a different subscription charge. This will permit an employee to choose not only between the service and indemnity types of benefits, but within each type he will also be able to choose the option which will best take care of the health needs of his family.

Many employees who belong to an association which sponsors a health insurance plan or who live in an area which has a comprehensive medical care plan in operation will have the additional choice of enrolling in one of these

The bill provides that each plan, and the options within each plan, may furnish a wide assortment of benefits, including hospitalization, surgical, medical, obstetrical, and major medical benefits which are designed to protect against the high cost of catastrophic or prolonged illness.

Unlike the bill enacted by the other body, this bill does not attempt to spell out all the specific benefits. In both bills the benefits which will ultimately be provided were left largely to the discretion of the Civil Service Commission which is charged with the responsibility of administering the program. This bill gives the Commission even more flexibility in negotiating with the carriers for the best benefit bargain it can arrange.

S. 2162 requires the Commission to enter into two contracts—one for each of the Government-wide plans-and to approve any employee association plan or comprehensive medical plan which participates in the program. The Commission cannot contract for or approve any plan which is discriminatory in accepting enrollments. This will enable those of our older or disabled employees who cannot now buy insurance, except perhaps at a prohibitively high price, to get this protection at the same price as other employees.

In negotiating the first and subsequent contracts for the two Government-wide plans, the bill requires the Civil Service Commission not only to get the best benefits possible but also to assure itself that the premiums payable under the contracts are reasonable and equitable and that they are competitive with premiums charged other large employers for similar insurance. The specific mandate to make the premium competitive was not contained in the bill passed by the other body; while it is perhaps unnecessary, it will clarify the intent of the Congress on this score and strengthen the Commission's hand when it negotiates with the insurance carriers.

Another feature of this bill which was not included in the bill as it was enacted by the other body is a clause which requires the prime carriers of the two Governmentwide plans to allocate an equitable portion of their rights and obligations under their contracts to other eligible carriers who elect to participate. This is a requirement which is very similar to the one the Congress wrote into the life insurance law and it is designed to allow all eligible carriers, large and small, throughout the country to participate in the program.

S. 2162, as it has been reported by our committee, provides that the employee and the Government shall contribute generally on a 50-50 basis to the cost of the health insurance. The bill reported by the other body would have required contribution on a 50-50 basis in every instance.

There are some plans in which the employee may wish to enroll which offer a very high level of benefits. If the 50-50 ratio were to be observed in every case, employees could not enroll in these high benefit-level plans because the subscription charges would exceed the total of the maximum contributions authorized by the bill. To avoid this situation, the reported bill permits an employee who joins a high benefit-level plan to make up the difference, which of course will mean that he will contribute more than the usual 50 percent. Those employeesand it is anticipated they will be in the large majority—who enroll in a plan offering an intermediate but completely adequate level of benefits, will share their subscription charge on a 50-50 basis with the Government.

The maximum level of contributions specified in the bill passed by the other body has been retained in the reported bill. The reported bill expressly permits the Civil Service Commission to fix the amount which the Government can contribute to a plan. However, under the bill passed by the other body, the Commission could similarly but indirectly have controlled the Government's contribution by negotiating for a level of benefits which would have cost no more than an amount 50 percent of which the Commission had predetermined as the maximum total contribution to be made by the Government.

Both the bill now being considered and the bill reported by the other body contain provisions for the setting aside of a fund to pay the expenses of the Civil Service Commission in administering this legislation and of a modest contingency reserve fund to absorb for a time anticipated increases in premium rates. In its report on the bill, the committee in the other body stated it contemplated that 3 percent of contributions were to be set aside as a contingency reserve. The bill now before the House has been changed to provide specifically that this percentage be set aside for this purpose.

This bill provides for an Advisory Committee composed of five employees who are insured under the legislation or who are officers of employee organizations. In contrast, the bill passed by the other body provided for an 11-member Advisory Council, only three members of which would have represented employee interests, with the other eight members having no real direct interest in the health insurance program.

Mr. Speaker, our committee has unqualified assurance that the reported bill is entirely acceptable to the administration, to Federal employees, and to the insurance carriers.

It is a very pleasant thought that within the hour we are certain to pass and move along a bill to provide health insurance for the hundreds of thousands of Federal employees. This legislation has been long overdue. Thousands of Government employees have suffered catastrophic illnesses since we first contemplated this legislation seriously in

1954. Other thousands have certainly suffered disabling illnesses and have gone without needed medical benefits for themselves and their families simply because of the financial factor. So it is a very fine thing what the House of Representatives is doing here today. It is something that is bound to improve the health conditions of our employees and their families. It is something that is bound to remove the fear of financial disaster accompanying severe illnesses. With all the hundreds of thousands that will participate in this bill, it becomes certain, as the years go by and as this pilot program—that is basically what it is—is improved and worked over, we are going to be able, because of the great number of participants, to bring more medical benefits per dollar than could possibly been bought by individuals acting alone.

So, Mr. Speaker, I submit that this is long overdue and desirable legislation. It will, I am sure, become the law of the land and become effective as of July 1, 1960. It will constitute a real milestone in the personnel history of the Federal Government. I believe every Member can conscientiously vote for this bill knowing that he is doing something fine for the many people who will benefit.

Mr. MURRAY. Mr. Speaker, I yield 2 minutes to the gentleman from Oregon [Mr. Porter].

(Mr. PORTER asked and was given permission to revise and extend his remarks.)

Mr. PORTER. Mr. Speaker, I support this legislation. I supported it in committee and I will support it here on the floor. I take this time to call the attention of the House to a provision in the bill which I had hoped could have been brought before the full House, but I recognize the need for having this legislation enacted this year and for that reason I am glad we are able to consider it now under suspension of the rules.

I refer to section 6, wherein the necessity for competition under section 3709 of the revised statutes is removed. This is important only with regard to the service benefit plan. It would have been much better had we allowed the nine insurance companies who each could handle a plan like this to compete and thus to have maintained competition. The administrative expenses of these companies range from 5 to 10 percent. There would have been leeway for the most efficient organization to make a better bid with the result that there would have been a lower price to the Government worker.

We offered such an amendment in committee but it was defeated. I wish that we had an opportunity here today to consider it on the floor, I think it would have made for lower cost to the Government employee. I have great respect for Roger Jones, Chairman of the Civil Service Commission, and his fellow Commissioners and staff. I think Chairman Jones is an able and conscientious servant. I know he will do everything he can to get the best deal for the Government employee, but I still regret that in this bill we did not adhere to the principle of competition.

Mr. REES of Kansas. Mr. Speaker, I yield such time as he may desire to the gentleman from Kansas [Mr. AVERY].

(Mr. AVERY asked and was given permission to revise and extend his remarks.)

Mr. AVERY. Mr. Speaker, I rise in support of S. 2162.

Mr. Speaker, yesterday I read in the newspaper of a report to the effect that the Federal Government was losing out to private industry in attracting good college students. The students were of the opinion the reward was greater with private industry.

The bill under consideration is a good example of some of the things that should be done in order to make certain the Federal Government can effectively compete with private industry for the young talented working force in the Nation.

At the present time, a gap exists between the Government, in the capacity of employer, and employers in private enterprise, with respect to health benefits for employees. Private enterprise has made great strides in establishing contributory health benefit programs for its employees. The Federal Government has made little progress.

The form of fringe benefit has become a condition of employment for a large segment of private enterprise. It is only sensible that the Government should not fall behind the times by failing to provide for the better health care of its employees.

According to the National Association of Manufacturers the employers' expense of this type of program more than pays for itself—in the form of lowered absenteeism and improved morale.

The bill offers the Federal employee a free choice subject only to the enrollment requirements of the carrier to select the plan of coverage which seems best to fit his needs. The four major categories are as follows:

(a) A Government-wide service benefit plan, such as is offered by Blue Cross/Blue Shield.

(b) A Governmentwide indemnity benefit plan, such as is currently offered by several insurance companies.

(c) One of several employee organization plans, such as the present health plans of the National Association of Letter Carriers and the National Federation of Post Office Clerks.

(d) A comprehensive medical plan, which may be either a group-practice prepayment plan, or an individual-practice prepayment plan.

The Government-wide service benefit plan and the Governmentwide indemnity benefit plan each will include at least two levels of benefits.

I am pleased to note the Post Office and Civil Service Committee plans to conduct a continuing review of the operation of the program since such is an entirely new area of Federal employees' fringe benefits. This is necessary to protect both the Government and its employees.

I urge passage of the measure by the House.

Mr. MURRAY. Mr. Speaker, I yield 1 minute to the gentleman from Maryland [Mr. Foley].

(Mr. FOLEY asked and was given permission to revise and extend his remarks.)

Mr. FOLEY. Mr. Speaker, I rise in support of S. 2162, a bill to provide a health and medical benefits program for Federal Government employees. The House Committee on Post Office and Civil Service of which I am pleased to be a member, held 12 days of hearings on this bill and similar bills. Among the bills considered by the committee was my own, H.R. 764. As a new Member of Congress, it was my first official act to introduce H.R. 764 on January 7, 1959, the opening day of the 86th Congress. Providing a health and medical benefit program for the Federal Government employees has been long overdue. Since our Government started in 1789, 170 years ago there never has been a program that provides needed, basic and essential protection for Federal Government employees and their dependents from the health and medical haz-

Thus, the bill before the House today is historic. But more than this, it is further but belated recognition that the largest employer in the United States, the Federal Government, at long last has seen fit to adopt the most enlightened programs for the improvement of the well-being of its employees that long experience in private industry has amply demonstrated is meritorious.

S. 2162, as amended by the House Committee, provides that the Government and the employee shall share the cost of the benefits on a 50-50 basis. It equitably permits the covered employee to select coverage from every type of existing health benefit plan whether service benefit, indemnity benefit, employee organization plan, or a prepayment plan of a comprehensive nature. The bill authorizes the Civil Service Commission to provide by contract for every basic, essential type of benefit that experience in private industry indicates meets the most pressing health and medical needs of a worker and his

Thus the Congress, by passing S. 2162 as amended, is taking a major step in the direction of improving further its relationship with its employees. And not only do the employees benefit, but also the dependents of the covered employees will be eligible under certain restrictions for benefits. As time moves on and experience is gained under the provisions of this new act, there will of necessity be changes. But changes that will be made in the future will be indicated by the best possible guide, namely proven experience.

In such a vast undertaking as the new health and medical program provided by S. 2162 there will be demands upon the Civil Service Commissioners for great prudence in the exercise of their, judgment; there will be demands upon the covered employees and their dependents for patience in the evaluation of the benefits of the program; and there will be, finally, demands upon the Members of Congress to forbear in any hasty criticism that might appear to a Member unfamiliar with this highly techni-

cal type of program. Thus, this is an historic step that the House will take in passing S. 2162 today. The costs are nominal in comparison with the inestimable human values and resources that will be gained in healthier, happier, and more efficient Federal Government employees. I strongly endorse this program and urge every Member of the House to do likewise.

Mr. REES of Kansas. Mr. Speaker, I yield such time as he may desire to the gentleman from Illinois [Mr. Springer].

(Mr. SPRINGER asked and was given permission to revise and extend his remarks.)

Mr. SPRINGER. Mr. Speaker, I rise in support of the bill. I ask unanimous consent to revise and extend my remarks at this point in the RECORD.

[Mr. SPRINGER addressed the House. His remarks will appear hereafter in the Appendix.]

Mr. REES of Kansas. Mr. Speaker, I yield such time as he may desire to the gentleman from Washington [Mr. Tollerson].

(Mr. TOLLEFSON asked and was given permission to revise and extend his remarks.)

Mr. TOLLEFSON. Mr. Speaker, I rise in support of S. 2162 and commend the committee for bringing the bill to the floor. The Federal Government is the largest employer in the United States, yet it has not kept pace with other employers who provide medical care and health programs for their em-As the report accompanying this bill states, the Government has made scant progress in this area. The bill will enable Federal employees to purchase protection from the high costs of medical care and treatment at a cost which is within their means. The Government itself, as the employer, will contribute 50 percent of the cost of the program. It is a good bill and I trust that the House approves it.

Mr. MURRAY. Mr. Speaker, I yield 1 minute to the gentleman-from Arkansas [Mr. Alford].

(Mr. ALFORD asked and was given permission to revise and extend his remarks)

Mr. ALFORD. Mr. Speaker, I wish to associate myself with the distinguished chairman of the committee in support of this bill.

Mr. Speaker, we have the chance here today to write another chapter in American history. It is the history of democratic government taking democratic action to guarantee to a large segment of its citizens financial protection in time of sickness and distress.

But I emphasize that this is democratic action—not paternalistic action. It is action in which the employee of the Government, and justly so, shares his portion of the burden of the cost in the same manner that employees of private enterprise all across the Nation participate in their own health insurance programs. It is the American way of doing things that we are confronted with at this time.

Private enterprise long has recognized the need for assisting its workers in hav-

ing some measure of protection against the sudden and damaging inroads of illness. The Government has lagged sadly in this field. But we have here today the golden opportunity to take up the slack; to say to the employees of this Government everywhere that they have the same rights and privileges as do the employees of private enterprise.

This is legislation that has been sorely needed for some time. The best thinking of many capable men in the Congress has gone into the plan. Likewise, the best thinking of many capable men in the fields of insurance, medicine, hospitalization and allied efforts also has been written into the program.

There is nothing mandatory in this proposal to offer health insurance to all those in Government employment. Rather, it is a strictly voluntary program as it should be. But I know from the hundreds and hundreds of messages that have come to me from Federal employees everywhere that they will accept this plan readily and with thanks. This is the answer to a need they have felt keenly for years.

Some author once wrote:

The historic moment is always simple and brief.

Let us be simple and brief in this historic moment today as we place our unqualified stamp of approval on this forward-looking and vital piece of legislation.

Mr. REES of Kansas. Mr. Speaker, I ask unanimous consent that all Members may have permission to extend their remarks on the bill.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Kansas?

There was no objection.

Mr. MURRAY. Mr. Speaker, I yield 1 minute to the gentleman from Alabama [Mr. Roberts].

(Mr. ROBERTS asked and was given permission to revise and extend his remarks.)

Mr. ROBERTS. Mr. Speaker, I wish to commend the distinguished chairman of the committee, the ranking minority member, and the other members for bringing out this valuable legislation.

I think the Federal Government has for too many years lagged behind private industry in not making it possible for Federal workers to purchase health insurance at group rates by authorizing payroll deductions.

Through my association with health legislation during my congressional work, I have become very keenly aware of the health needs of this Nation.

We are fighting an uphill battle against disease, and it is a costly battle. The people are having to pay the bills.

Americans have demonstrated their desire to be able to budget medical expenses by signing up, 123 million of them, for group medical and hospitalization insurance.

Federal workers certainly deserve the same opportunity.

It is a field in which we should be providing leadership, instead of hindrances. I was delighted by the forward-look-

I was delighted by the forward-looking reception which this session of Congress has given this legislation. Its au-

thorization of payroll deductions and equal contributions by the Government to meet program costs make this bill one which properly faces the problem of financing medical expenses. It is a fair bill in that employees may choose whether they want to participate and may select from several plans offered.

I wholeheartedly endorse this legis-

lation.

Mr. MURRAY. Mr. Speaker, I yield 1 minute to the gentleman from Ohio [Mr. LEVERING].

(Mr. LEVERING asked and was given permission to revise and extend his

remarks.)

Mr. LEVERING. Mr. Speaker, I rise in support of this long overdue legislation. As a former member of the House Post Office and Civil Service Committee which has jurisdiction over legislation affecting the lives and well-being of our postal and other Federal employees, I have taken a keen interest in and made a detailed study of the provisions of this bill. I am one of those who believes that Uncle Sam has too long lagged behind industry in providing a low-cost health program. As we know in this day of high cost of hospitalization, a single illness for a sustained period can wipe out the financial resources of the average low-to-medium-income family. It is significant to consider that prepaid health benefits are available to some 123 million people in this country and help to pay more than half of the hospital bills and a large part of the doctor bills of the entire Nation. The fact that the voluntary health system has grown into a $$4\frac{1}{2}$ billion industry strongly indicates that the American people welcome the opportunity to budget their medical expenses. An overwhelming majority of the persons participating in prepaid health programs are enrolled at the place of their employment. This points up the fact that private employers recognize the importance of cooperating with their employees in obtaining health insurance; programs that have historically contributed to the well-being and efficiency of the workers. I compliment the committee for bringing S. 2162 to the floor. I hope it will be overwhelmingly adopted in the House.

Mr. MURRAY. Mr. Speaker, I yield 1 minute to the gentleman from Massa-

chusetts [Mr. Lane].

(Mr. LANE asked and was given permission to revise and extend his remarks).

Mr. LANE. Mr. Speaker, I also rise at this time to endorse this bill now before the House. The fact that it is easy for us to vote for this bill today is due to the long hours of tedious and hard work of your committee on Post Office and Civil Service. They are to be complimented and congratulated for bringing to the floor of the House today this bill that is so important and helpful to the Federal employees.

Although a hospitalization plan for Federal employees has been in the works for many years. I am glad that I have the opportunity at this time to vote in behalf of these worthy servants. This legislation is long overdue.

It is well known that some corporations have voluntarily provided life insurance and health insurance programs for their employees.

The turnover among Government employees continues at a disturbing rate that is inefficient and wasteful. These employees compare what they have with those who work for private industry, and they realize that they are not gaining anything by staying with the Government.

Many companies pay the full costs of hospitalization, not only for their employees, but also for their dependents and for their retired employees and their dependents as well.

As we all know, the Federal Government is the largest employer in the Nation. Under the terms of this bill, more than 2 million Federal employees, plus their dependents, would become eligible for the protection enjoyed by most of those who are in private industry.

The individual Government employee would pay not less than \$1.25 or more than \$1.75 biweekly, or less than \$3 or more than \$4.25 biweekly for an employee or annuitant who is enrolled for self and family.

It is unfortunate that this bill does not cover presently retired Federal employees. It is my hope that the Congress will in the near future consider my proposal and other similar ones along this line.

I urge the passage of S. 2162, which will be one of the most constructive pieces of legislation to be enacted at this session. It will mark another milestone in our efforts to make employment with the Federal Government attractive and rewarding.

Mr. MURRAY. Mr. Speaker, I yield 1 minute to the gentleman from New York [Mr. Santangelo].

(Mr. SANTANGELO asked and was given permission to revise and extend his remarks.)

Mr. SANTANGELO. Mr. Speaker, I rise to support this legislation and wish to commend the chairman of the Committee on the Post Office and Civil Service and the members of the committee for introducing and reporting this legislation.

In my opinion, this bill is one of the greatest measures that ever emanated from the Committee on Post Office and Civil Service upon which I was once privileged to serve. Under this bill, as I understand it, all Federal employees, regardless of their health, can obtain medical coverage, and no physical examination is required. This is one of the great steps which this country through this committee has taken so far as the welfare of the Federal employees of the United States are concerned-

Under the provisions of this bill employees will have free choice among health benefit plans. The Government contributes one-half of the cost and the cost is shared equally between the Government and the employee. The bill establishes a biweekly maximum of \$1.75 for an individual employee, and \$4.25 for an employee and his family. I am proud to support this measure, because I believe the cost is reasonable, the coverage is ample, and a Federal employee has a choice of several medical plans.

(Mr. SANTANGELO asked and was given permission to revise and extend his remarks.)

Mr. MURRAY of Tennessee. Speaker, I yield 1 minute to the gentleman from Oklahoma [Mr. Edmondson].

(Mr. EDMONDSON asked and was given permission to revise and extend his remarks.)

Mr. EDMONDSON. Mr. Speaker, welcome this opportunity to join this outstanding committee in expressing support for this much needed legislation.

Mr. Speaker, I do not believe there is any question about the widespread demand among Federal personnel for this legislation, nor is there any question about the careful study and consideration which have been given in committee to the proposal before us.

The distinguished chairman of the committee has assured me that the committee plans to move on to consideration of similar legislation for retired civil service employees, and the justification for such a program appears to me to be clear and unmistakable.

I hope the House will soon have the opportunity to act favorably upon it.

Mr. DIXON. Mr. Speaker, I whole-heartedly support S. 2162 and look upon it as a means through which our Federal Government can do for its employees the same as enlightened, progressive private business enterprises do for their employees.

This bill will enable Government employees to buy, at a cost which they can afford, insurance which will protect them from unusually heavy medical costs in the event of sickness, injury, or

The bill will cost only \$3.50 a month for an employee with a like amount paid by the Government and give him a free choice among health benefits in four categories: First, Blue Cross-Blue Shield and the like; second, an indemnity plan offered by insurance companies; third, a plan similar to the National Association Letter Carriers; or fourth, a plan like the Kaiser Foundation plan.

Mr. Speaker, the Government will be amply repaid through better morale and greater achievement of its employees.

Mr. KARTH. Mr. Speaker, the Federal Government has the responsibility of providing a prepaid medical and health insurance plan for its employees. The plan being debated today is not as complete and comprehensive as it should be, but is a good start and certainly well within the scope of employees needs. is long overdue. It will undoubtedly improve as time goes on, and may I state at this point, I am one who will work toward that end.

It has become a customary practice for private industry to provide medical and surgical services of this kind, and in many cases superior, to their employees. It is no more than proper that the Government do the same thing. would please me more however, if the Federal Government took the lead in this whole area of employee benefits rather than an attitude of follow the leader. May we look forward in other areas then, as this bill becomes law, and especially in the field of union recogni-

Mr. BURDICK. Mr. Speaker, I rise in support of S. 2162, the bill to provide for a Government employees health benefits program. I am happy to declare myself wholeheartedly in support of the bill which when enacted into law will provide for the Government to contribute 50 percent of the cost of basic health and hospitalization coverage to persons employed by the Federal Government.

There was a time in the United States when Federal employment was considered to be the very finest type of occupation and when the Government, as employer, was thought to provide the very finest benefits to those whose services it

employed.

In recent years we have seen the economic position of Federal civil servants decline. Although a great deal has been said about the fringe benefits available to Federal employees, these loyal workers lag behind the scale of benefits available to those in industrial employment.

Mr. Speaker, the contribution system whereby employers assist, either entirely or in part, in underwriting health programs for their employees is only now being expanded to Federal service. This is one instance in which the number of Federal employees may prove beneficial to the general public. If it is assumed that virtually all Federal employees will enroll under the health benefits program, then it must be assumed also that the health program and the health plan which will be developed by the Civil Service Commission will be such as to set new standards for general health coverage throughout the Nation.

Mr. Speaker, it is a source of satisfaction to me to know that S. 2162 provides that employees retiring in the future will be protected and will be allowed to continue their health insurance coverage under the provisions of

S. 2162.

I am told that hearings will be held tomorrow in the Senate on a bill S. 2575, to provide coverage of civil servants currently retired, provided that they meet the necessary standards of tenure, and so forth. I hope that the bill to protect current retirees may be brought before the House at this session in order that we may have a chance also to approve that legislation.

It is significant that no less a personage than Secretary Flemming, of the Department of Health, Education, and Welfare, in recommending approval of S.

2162 said:

We consider it essential that legislation for active employees and future retirees be supplemented in the near future by providing similar protection for those already re-

Mr. Speaker, civil servants both active and retired are urgently in need of the fullest possible health protection; I feel certain that the House this afternoon will have approved by an overwhelming majority the program to make this coverage a reality.

I am happy indeed to rise in support

of this very worthwhile legislation.

Mr. PELLY. Mr. Speaker, I urge the suspension of the rule on S. 2162 and passage of this legislation to provide

Federal employees with an essential voluntary health benefits program.

My only criticism of this legislation, which incidentally has the blessing of the executive branch of Government as well as the Civil Service Commission which will administer the act, is that it fails to provide this vital protection to those already retired.

Consequently, I, along with many others of my colleagues in both the House and Senate, have introduced related legislation triggered to the passage of this bill, to provide these same benefits to all who are not eligible for coverage under S. 2162.

In these days of spiraling costs of hospitalization and medical fees, our Federal career employees are certainly entitled to protection at least comparable to that afforded in private industry. In addition, those already retired are all too frequently faced with catastrophic illnesses that literally destroy everything they have spent a lifetime accumulating.

I urge passage of S. 2162 and expeditious consideration of related legislation to include those not otherwise eligible

for this coverage.

Mr. PHILBIN. Mr. Speaker, I am strongly committed to the passage of this legislation and am gratified that the very able distinguished gentleman from the great State of Tennessee, my valued friend, Mr. MURRAY, and his very capable committee has reported the bill to the House.

Action on this desirable program to provide for appropriate health benefits for Government employees is actually long overdue. The Federal Government has been seriously lagging behind most private industry in adopting this type of forward-looking, social program.

The health and well-being of Government employees as well as all other employees, workers and people in the Nation is of great and paramount importance. Skilled medical and nursing care, abundant up-to-date hospital facilities available at reasonable cost to all our people is unquestionably necessary today if we are to make effective use of modern medical and hospital services for the care of the sick and the cure and prevention of disease, and keep the Nation physically and mentally well.

The high cost of sickness, like the high cost of living is denying to many the kind of medical and hospital treatment which they need. Some of the costs in this area are extremely high and extremely deterrent to the securing of needed medical care and treatment.

The disparity between Government employees and private enterprise employees can not be justified. It is causing hardship and lowered morale. It is impairing very seriously the creation and maintenance of decent health standards.

I think that the Congress must be more conscious of the great magnitude of our national health problems and give much more attention to providing adequate solutions at a time when medical science has achieved such amazing power to raise general health standards and extend the expectancy span of human life.

The Federal employees employed by our great Government are and should be the special concern of the Congress.

I am very happy indeed to support this bill and am sure it will be overwhelmingly passed by the House.

Mr. BREEDING. Mr. Speaker, I rise in support of S. 2162, a bill to provide health and hospitalization insurance for

Federal employees.

The bill before us is the first and very significant step in the program of this Congress to provide health benefits to Federal employees and their families. The bill is a very wholesome one for several reasons. On the one hand it allows the free choice of several types of

Under the first type, the service benefit plan, the Federal civil servant would be able to secure hospital benefits, surgical benefits, and medical treatment both in and out of hospitals. Obstetrical protection is also included. This is the type of plan which is included in the familiar Blue Cross-Blue Shield protection sys-

The second type is that in which insurance companies or other indemnity organizations provide actual cash payment to employees who require hospitalization, surgical attention, or medi-

The third major type is the employee organization plan which protects the Federal employee groups. In most Federal employee associations there is provided a plan of health protection for which the individual employee makes payment in the form of a supplement to his basic duties. In return for this payment, he and his family are given hospital coverage. It is essential for the stability of employee organizations that these plans not be discontinued, and accordingly the feature to allow participation by these plans is highly commendable.

The final type of coverage is the comprehensive medical plan which is developing in some parts of the country. Under this type of plan, all sorts of medical attentions are available to those enrolled in the plan.

We have pased a terrific milestone on the road of progress to the general health of our Nation, and even though the bill before us applies only to Federal employees, the impact on the health of the country must be significant.

The competitive system is certain to develop new types of health plan coverage for the great family of Federal employees. In view of the fact that many industrial employers are already providing more comprehensive coverage for their employees than is included in S. 2162, the type of plan which will be developed by the Civil Service Commission will enable those private groups to secure a greater return on their health insurance dollar.

The most significant departure incorporated in S. 2162 is the concept of Government contribution to the program. Federal employee leaders originally requested that the Federal Government contribute two-thirds to the employees' one-third. The Government in turn proposed that the reverse balance be applied and that the employee contribute two-thirds. The solution as included in S. 2162 is a happy medium, one which is fairer to both parties, one which will have a very beneficial result throughout the country and one which is deserving of speedly passage and enactment into law

Mr. Speaker, I hope that approval today will be virtually unanimous.

Mr. FULTON. Mr. Speaker, I rise in

support of the bill, S. 2162.

Provision for health insurance benefits for Federal employees should be enacted into law at the current session of Congress. The urgency of such a program appears to me to be so great that we cannot afford further loss of time to make additional studies or to collect additional information.

Already a great deal of factual material has been amassed and its general tenor is that the Government is lagging behind other large employers who already have provided extensive programs of health benefits for their employees. This material which has been gathered and analyzed by congressional committees, Government agencies, insurance organizations, and the unions demonstrates rather conclusively that the benefits of such a program are so advantageous to the Government as well as to the employee that there is no sound reason for delay.

When I introduced my bill, H.R. 6167, it represented my thinking on this subject. I am still of the belief that the program comprised in that bill is sound and is more nearly proportioned to the need for medical care and to the financial circumstances of the greater number of Federal employees. However, I realize that it would be more practical to put into effect as soon as possible even a partial program than to delay legislation by striving for terms which seem to be more nearly adequate. Government employees as a group are so much in need of these benefits that early action is imperative.

It is with that purpose in mind that I support the proposal which is presently pending before the House. The equal division of cost between the Government and the employees would still be a real step toward the establishment of health benefits in keeping with the Federal Government's role as the largest single employer in our good country.

Employers in private business have found it to their own as well as to the employee's advantage to inaugurate a health insurance program and continually improve it. The fact that so many of these firms provide this benefit on a noncontributory basis is in itself impressive evidence that it must be materially worthwhile. It is evidently profitable for the employer to relieve his employees of the worry which accompanies family illness in particular. Then, too, the employee's own health is important because it is so closely related to his efficient performance.

An employee with a relatively small income, and this is true of the majority of Federal employees, may be able to budget his outlays for ordinary medical

care out of his regular income, but it so often happens that the need becomes unusually great and costly. Then, too, an unexpected need for surgery or for special types of therapy may develop at any time. Such things are entirely unpredictable, and the only solution that is of any great benefit to the individual is to be covered by a systematic prepayment plan.

The health insurance program which is established now should cover the major part of hospitalization, medical, and surgical expenses. It should also make some substantial provision for those long illnesses which may entirely deplete a person's savings and then leave him with a huge debt. Whatever is done in this regard will be tremendously helpful.

I believe, therefore, that a health insurance program for Federal employees should be established immediately and that, if there cannot be agreement on a program as liberal as in my bill, H.R. 6167, the terms of the bill approved should be such that it can gain wide support and early enactment. Hospitalization and other types of health care are as necessary as adequate food, clothing, and housing. They are among the basic necessities of life. It is with that in mind that I urge immediate passage on this legislation.

Mr. DONOHUE. Mr. Speaker, I am happy to speak in support and urge the passage of this bill, S. 2162, that is fundamentally designed to improve personnel administration in the Government by providing a reasonable measure of protection for civilian Government employees against the extremely high costs of medical services through a comprehensive program of insurance for Federal employees and their dependents.

For several years, both the executive and legislative branches of Government have recognized the wide gap that exists between the Government, as an employer, and employers in private enterprise, with respect to health benefits for employees. Progressive private enterprise almost universally today operate contributory health benefit programs for its employees.

This bill is an attempt to bring the Government in line with the modern practices of most private employers. It will enable Government employees to purchase protection, at a cost which is within their means, from the unanticipated and usually oppressive costs of medical care and treatment in the event or sickness or injury, as well as the often crushing expense of so-called catastrophic illness or serious injury. Availability of this health protection program to Government employees will be of material assistance in improving the competitive position of the Government with respect to private enterprise in the recruitment and retention of competent civilian personnel so urgently needed to assist in maintaining and improving our strong national defense and in the operation of other essential Government programs.

The addition of the health insurance program provided by this bill will fill a long required need and place the Government on a substantially equal level with progressive industry in the field of employee fringe benefits.

Mr. Speaker, this type of legislation has been under consideration and study, by House and Senate committees, for nearly 10 years. Out of all the evidence and testimony and statistics that have been presented to the committee has come this particular measure after long and diligent effort of the committee chairman and his membership. It is a sound, moderate, reasonable beginning in meeting a challenging legislative problem and I believe that the distinguished chairman of the House Post Office and Civil Service Committee, together with all the members of that committee, deserve our gratitude for the conscientious and painstaking manner in which they have patriotically attempted to deal with this difficult subject. On this score, I would like to emphasize to my colleagues here that the chairman and committee have registered their intention to conduct a continuing review of the operation of the program to make sure that it is projected with economic efficiency and that any deficiencies or abuses will be adequately amended and corrected as they arise.

I submit that this is a meritorious measure completely in accord with our traditional and fundamental principles of progressive government, and I most earnestly hope that it will be overwhelmingly approved without undue delay.

Mr. COHELAN. Mr. Speaker, the Federal Employees Health Benefits Act will, for the first time, enable Federal workers to enjoy health benefits comparable to those available to private employee groups by authorizing payroll deductions and equal benefit contributions by their employer, the Federal Government, and the legislation has my full support.

This is an equalization measure which gives the Federal employee benefits he would probably have realized in previous years had he chosen another line of work. It will, therefore, encourage our Government workers to stay on the job and attract new individuals of ability and competence into this work. In testifying at hearings on this bill, I expressed the interest of the many, many Federal employees working in the Seventh District of California which I represent, and I would again convey their support of this measure now that it is on the floor. Their support is entirely justifiable because they are asking only for equal treatment, not for special consid-

I urge that the Federal Employees (Health Benefits Act receive the very strong support of my colleagues.

Mr. BOLAND. Mr. Speaker, I rise in favor of S. 2162, a bill to provide a health benefits program for Government employees.

This is an area in employer-employee relations in which the Federal Government has fallen way behind private enterprise in this country. Large corporations and business firms have established, or are offering in wage negotiations, contributory health benefit programs for employees, recognizing how financially burdensome can be the costs

Morgan Morris, N. Mex.

Scherer Schwengel

Shelley Sheppard Shipley Short

Simpson, Ill.

Simpson, Pa.

Scott

Silcr

Slack

Monagan

Montoya Moore

Morrison

Moss Moulder

Multer

Mumma

Murphy

Murray Natcher

Norblad

Norrell

Oliver

Osmers

Ostertag

Passman

Patman Pelly

Perkins Pfost Pilcher Pillion

Poff

Porter

Preston Price

Prokon

Quie

Pucinski

Quigley

Randall

Robison Rodino

Rabaut

Nelsen

of medical services to them and their dependents. As a matter of fact, some private firms have assumed the full cost of the health benefit programs.

This bill will give the same protection to Government employees. It will enable them to purchase health benefits, at a cost which is within their means, as a cushion against expensive medical treatment and hospitalization in the event of sickness or injury. Half of the cost will be paid by the employees themselves, and the remaining half will be paid by the Government.

Mr. Speaker, I think that this is much needed legislation to help close the gap between the Government as an employer and private enterprise employers with respect to health benefits for employees. I urge my colleagues to suspend the rules and pass this legislation.

The SPEAKER pro tempore (Mr. WALTER). The question is on suspending the rules and passing the bill.

Mr. CORBETT. Mr. Speaker, on that I demand the yeas and nays. The yeas and nays were ordered.

The question was taken; and there were—yeas 382, nays 4, not voting 49, as

follows: [Roll No. 151] YEAS-382 Byrne, Pa. Byrnes, Wis. Cahill Cannon Abbitt Forand Forrester Abernethy Adair Fountain Addonizio Frelinghuysen Albert Alexander Friedel Fulton Carnahan Casey Cederberg Chamberláin Gallagher Garmatz Alford Alger Anderson, Mont. Gary Gathings Chenoweth Arends Ashmore Chiperfield George Church Coad Coffin Auchincloss Goodell Avery Granahan Cohelan Ayres Bailey Grant Green, Oreg. Colmer Conte Green, Pa. Griffin Baker Baldwin Baring Cook Griffiths Corbett Barrett Cramer Cunningham Gubser Barry Bass, N.H. Bass, Tenn. Bates Becker Hagen Haley Halleck Curtin Curtis, Mass. Curtis, Mo. Daddario Halpern Hardy Beckworth Belcher Daniels Davis, Ga. Davis, Tenn. Harmon Bennett, Fla. Bennett, Mich. Bentley Dawson Delaney Harrison Hays Healey Berry Betts Blatnik Blitch Dent Denton Hébert Derounian Hechler Hemphill Boggs Boland Henderson Herlong Dingell Dixon Dollinger Dorn, N.Y. Dorn, S.C. Dowdy Hiestand Hoeven Bolling Bonner Hoffman, Ill. Hoffman, Mich. Bosch Bow Bowles Boykin Downing Hogan Holifield Doyle Dulski Boyle Brademas Holland Durham Holt. Durham
Dwyer
Edmondson
Elliott #
Everett
Evins Holtzman Breeding Horan Hosmer Breeding Brock Brooks, La. Brooks, Tex. Broomfield Brown, Ga. Huddleston Hull Ikard Inouye Fallon Farbstein Fascell Feighan Irwin Jarman Brown, Mo Brown, Ohio Broyhill Buckley Fenton Fino Jennings Jensen Johnson, Calif. Johnson, Colo. Johnson, Md. Fisher Flood Budge Burdick Burke, Ky. Burke, Mass. Burleson Bush Flynn Flynt Fogarty Foley Johnson, Wis. Jonas

Kasem Kastenmcier Kearns Kee Keith Kelly Keogh Kilburn Kilday Kilgore King, Calif. King, Utah Kirwan Kitchin Kluczynski Knox Kowalski Lafore Laird Landrum Lane Lankford Lennon Levering Libonati Lindsay Lipscomb Loser McCormack McCulloch McDowell McFall McGinley McIntire McMlllan McSween Mack, Ill. Mack, Wash. Madden Magnuson Mahon Mailliard Marshall Matthews May Meader Merrow Metcalf Meyer Michel Miller, Clem Miller, Clem Miller, George P. Miller, N.Y.

Mills

Minshall

Moeller

Jones, Ala.

Judd Karsten

Snack Smith, Calif. Smith, Iowa Smith, Kans. Smith, Miss. Spence O'Brien, Ill. O'Hara, Ill. O'Hara, Mich. O'Neill Springer Staggers Steed Stratton Stubblefield Sullivan Teller Thomas Thompson, Tex. Thomson, Wyo. Thornberry Toll Tollefson Trimble Tuck Udall Ullman Utt Vanik Van Zandt Wainwright Wallhauser Ray Reece, Tenn. Walter Wampler Watts Rees, Kans. Reuss Weaver Weis Rhodes, Ariz. Rhodes, Pa. Wharton Whitener Whitten Riley Rivers, Alaska Rivers, S.C. Roberts Widnall Wler Williams Willis Rogers, Colo. Rogers, Fla. Rogers, Mass. Rooney Wilson Winstead Withrow Wolf Roosevelt Rostenkowski Wright Yates Roush Rutherford Young Younger Santangelo Saund Zablocki Zelenko Taber

NAYS-4

O'Konski Andersen. Minn. Rogers, Tex.

NOT VOTING-49

Philbin Ford Allen Andrews Frazier Poage Powell Rains Anfuso Ashley Glenn Gray Hall Barden Baumhart Riehlman St. George Hess Bolton Brewster Jackson Sikes Jones, Mo. Lesinski McDonough Smith, Va. Taylor Teague, Calif. Canfield Carter McGovern Teague, Tex. Thompson, La Celler Machrowicz Cooley Thompson, N.J. Van Pelt Dague Martin Derwinski Mason Diggs Donohue Mitchell Morris, Okla. O'Brien, N.Y.

So (two-thirds having voted in favor thereof) the rules were suspended and the bill was passed.

The Clerk announced the following pairs:

Mr. Anfuso with Mr. Allen. Mr. Sikes with Mr. Taylor. Mr. Thompson of New Jersey with Mr. Martin.

Mr. Lesinski with Mr. Glenn.

Mr. Donohue with Mr. Derwinski. Mr. Machrowicz with Mr. Baumhart.

Thompson of Louisiana with Mr. Van

Mr. Brewster with Mr. Westland. Mr. Carter with Mrs. Bolton.

Mr. Diggs with Mr. Jackson. Mr. O'Brien of New York with Mr. Hess.

Mr. Philbin with Mr. Canfield.

Mr. Andrews with Mr. Teague of California.

Mr. Cooley with Mr. Riehlman. Mr. Frazier with Mr. Mason. Mr. McGovern with Mr. Ford. Mr. Powell with Mr. Dooley.

Mr. Mitchell with Mr. Dague.

Mr. Ashley with Mrs. St. George. Mr. Hall with Mr. McDonough.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

SOCIAL SECURITY COVERAGE FOR CERTAIN STATE AND LOCAL EM-PLOYEES

Mr. MILLS submitted the following conference report and statement on the bill (H.R. 213) to provide additional time within which certain State agreepients under section 218 of the Social Security Act may be modified to secure coverage for nonprofessional school district employees:

CONFERENCE REPORT (H. REPT. No. 1107)

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. amendments of the senate to the bill (that. 213) to provide additional time within which certain State agreements under section 218 of the Social Security Act may be modified to secure coverage for nonprofessional school district employees, having met. after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the House recede from its disagreement to the amendment of the Senate to the text of the bill and agree to the same.

That the House recede from its disagreement to the amendment of the Senate to the title of the bill and agree to the same.

M. D. MILLS,
AIME J. FORAND,
CECIL R. KING,
RICHARD M. SIMPSON, NOAH M. MASON, Managers on the Part of the House.

HARRY F. BYRD, ROBT. S. KERR, J. ALLEN FREAR, JOHN J. WILLIAMS, FRANK CARLSON,

Managers on the Part of the Senate.

STATEMENT

managers on the part of the House The

The managers on the part of the House at the conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 213) to provide additional time within which certain State agreements under section 218 of the Social Security Act may be modified to secure coverage for nonprofessional school district employees, submit the following statement in explanation of the effect of the action agreed upon by the conferees and recommended in the accompanying conference report:

The Senate amendment to the text of the bill added a new section 2, amending section 218(p) of the Social Security Act so as to include California, Kansas, North Dakota, and Vermont among the States (listed in such section 218(p)) which are permitted to extend old-age, survivors, and disability insurance coverage (under their agreements with the Secretary of Health, Education, and Welfare) to service performed by State and local employee; in policemen's and firemen's positions covered by State or local retirement systems. This policemen's and firemen's positions cover by State or local retirement systems.

amendment does not require the coverage of policemen or firemen in the four newly specified States, of course, or automatically bring any of them within the old-age, survivors, and disability insurance program; coverage under such a program would still require apprapriate action by the State gov-ernment and acceptance by the members of the retirement system involved. The House recedes.

recedes.

The Senate amendment to the text of the bill also added a new section 3, permitting the agreement entered into with the State of Oklahoma under section 218 of the Social Security Act to be medified (at any time before 1962) so as to make it applicable to services performed in policemen's positions under a State or local retirement system by individuals who are ineligible on the date of enactment of the bill (or, if earlier, when last employed in such positions) to be members of such system, where the State before 1959 has made payments to the Treasury (representing amounts equivalent to employment taxes, as provided for under section of spect to prints day more that actment actment.

The Slope is the spect to prints the percent. (representing amounts equivalent to employment taxes, as provided for under section 218(e)(1)) with respect to some part of the services performed in such positions by the individuals involved. Any such modifications fication would apply to all services per formed by such an individual after the date of enactment of the bill, as an employee of a city or other political subdivision to which the modification applies, in a policeman's position covered by a retirement system of which he is ineligible (at the time he performs such services) to become a member (and subject to the right of the State under section 218(c)(7) to designate whether or not his coverage shall continue in the event he subsequently becomes eligible for membership in such a system). The modification would also apply to any such services performed before the date of enactment of the bill, to the extent that payments to the Treasury under section 218(e) (1) were made (including payments which were re-turned to the State before the date of enactment of the bill or the date the modification was entered into, if the State repays the refunded amounts to the Treasury within the normal reporting period pre-scribed under section 218(e) for additional payments resulting from modifications of State agreements) with respect to such services at the time or times established pursuant to law. The House recedes.

The Senate amendment to the title of the bill was designed to reflect in the title the changes made by the amendment to the text of the bill discussed above. In view of the action taken by the conferees on the latter amendment, the House recedes.

W. D. MILLS, AIME J. FORAND, CECIL R. KING, RICHARD M. SIMPSON, NOAH M. MASON, Managers on the Part of the House.

CORRECTION OF ROLLCALL

Mr. FALLON. Mr. Sperker, I have just learned that on rollcal No. 151 of to-day I am not recorded. I was here and voted "yea." I ask upanimous consent that the permanent RECORD and Journal be corrected accordingly.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Maryland?

There was no objection.

REDUCING THE CABARET TAX

Mr. FORAND, Mr. Speaker, I move to suspend the rules and pass the bill (H.F. 2164) to repeal the cabaret tax, as amended.

The Clerk read as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That paragraph (6) of section 4231 of the Internal Revenue Code of 1954 (relating to imposition of tax with respect to roof gardens, caba-rets, and other similar places) is amended by striking out "20 percent" and inserting in lieu thereof "10 percent".

SEC. 2. The amendment made by the first section of this Act shall apply only with respect to periods after 10 antemeridian on the first day of the first month which begins more than 10 days after the date of the en-

actment of this Act.

Amend the title so as to read: "A bill to reduce the cabaret tax from 20 percent to 10

The SPEAKER pro tempore. Is a secand demanded?

Mr. SIMPSON of Pennsylvania. Mr. Speaker, I demand a second.

The SPEAKER pro tempore. Without objection, a second will be considered as ordered.

There was no objection.

The SPEAKER pro tempore. The entleman from Rhode Island [Mr. FORAND is recognized for 20 minutes.

(Mr. FORAND asked and was given permission to revise and extend his re-

Mr. FORAND. Mr. Speaker, I ask unanimous consent that all Members may extend their remarks on this bill before the vote.

The SPEAKER pro tempere. Is there

objection to the request of the gentleman from Rhode Island?
There was no objection.
Mr. FORAND. M. Speaker, the bill H.R. 2164 now under consideration is one of 16 bills introduced in this Congress providing for the repeal of the caparet tax HR 2164 has been cabaret tax. H.R. 2164 has been amended in the committee to provide for a reduction of the tax from 20 percent to 10 percent, rather than sutright repeal.

The fact that 16 similar bills have been introduced in this Congress and that 17 similar bills were introduced in the 85th Congress demonstrates the widespread realization that this 20 percent tax is unfair. It is one of very few excise taxes remaining at 20 percent. Most others have been reduced to 10 percent.

The principal reason why this has happened is, in my opinion, the failure to recognize that the term "cabaret tax" is a misnomer. It should be called a tax on musicians or on entertainment because it is applied in any establishment where music or entertainment or dancing is permitted in the same room where food is served.

This tax has long been unreasonably identified with the sale of liquor, even though it is collected in eating places where music is furnished but liquor by the glass is not sold. This is true in 11 States, namely, Arkansas, Georgia, Iowa, Kansas, North Carolina, South Carolina, Tennessee, Texas, Utah, Virginia, and West Virginia.

Two basic considerations prompted me to introduce this bill: First, the favorable effect it would have on the economic welfare of a substantial num-

ber of our citizens and; second, it involves the principle of tax equality and fairness.

With respect to the first consideration, I invite your attention to the wealth of public testimony before the Subcommittee on Excise Taxes, of which I was chairman during the 85th Congress. This convincingly demonstrates that the 20-percent cabaret tax acts as a serious depressant to the entertainment industry and to those types of establishments that virtually are compelled to provide some form of entertainment in addition to dining and refreshment facilities, if they are to stay in business.

Public places that offer food or beverage along with refreshing diversion in the form of hancing, singing, music, and humor are traditional on the American depressant to the entertainment indus-

humor are traditional on the American scene. They comprise an integral and necessary part of the various entertainment acilities that provide the relaxation and amusement necessary for wellbalanced living and should not be discouraged. It is evident, however, that this type of business has been discouraged by the cabaret tax. This is true not only of hotel dining rooms and supper clubs but applies as well to more modest establishments that cater to persons in the middle- and low-income

The testimony presented during our hearings shows that this distressing condition has in turn accelerated the steady decline in the development of professional musicians, singers, and other entertainers. It has also eliminated the jobs of waiters, busboys, chefs, cooks, and other employees when dining rooms in many of the large hotels were forced to close because of the cabaret tax.

A survey conducted in 1955 by the Research Co. of America for the American Federation of Musicians revealed that from 1943, when the cabaret tax was raised from 5 percent to 20 percent, employment of musicians declined 50 percent.

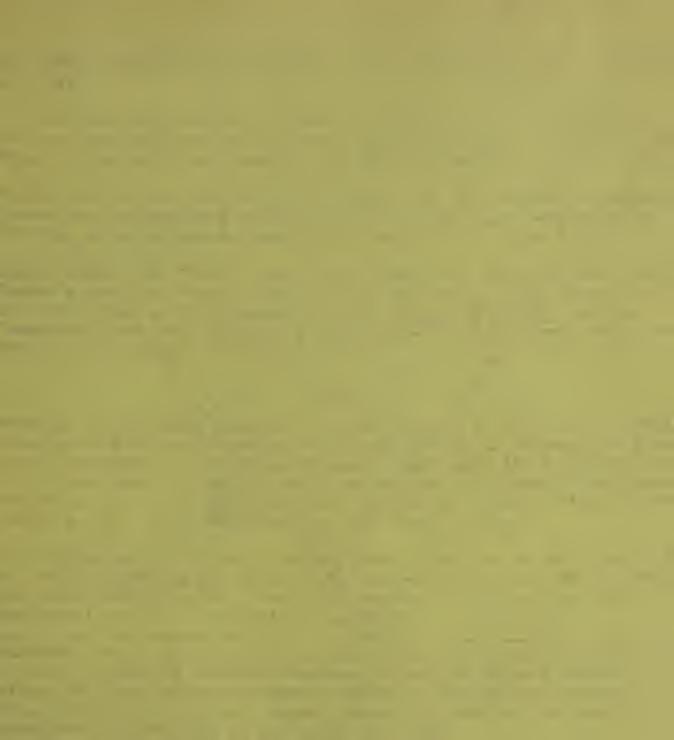
The survey also showed that: First, average annual earnings of musicians was \$3,043; second, that for every murician employed five to six other employees were needed in establishments where the cabaret tax applied; and third, owner-operators in 33 cities said that if the 20 percent tax was repealed it would result in an almost immediate gain of 63 percent in working hours of 41,000 musicians, increasing their earnings by about \$2,000 a year.

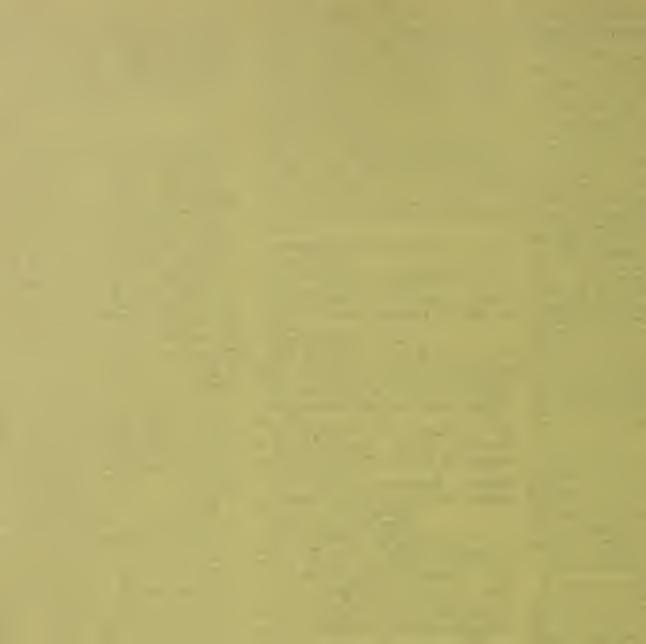
Reducing the tax to 10 percent will mean employment for an additional

mean employment for an additional 150,000 muiscians, according to the American Federation of Musicians,

The magazine, Catering Industry Employees, after a check of 10 cities, from Boston to California, estimates 20,000 catering employees lost their jobs in the last 5 years because of establishments closed on account of the 20 percent tax. Hotel dining rooms, of which there were 700 in 1946, now number only 200. The closing of 500 such rooms is attributed to the 20 percent tax.

Legislative action surely is needed when a tax has such adverse cons quences for thousands of our citizens.





- 3 -

and farms, wildlife and recreation vital to the health of every American."
p. 16049

Sen. McCarthy inserted an article, "Fouling of U. S. Water Outruns Purification--Pollution Problem Grows in Many States Despite Control Efforts, Sewage Plants Built with Federal Aid; Bigger Program Sought." pp. 16051-2

- 10. INTEREST RATES. Sen. Keating urged support for the President's proposal to remove the interest rate ceiling on long-term Treasury obligations and inserted two newspaper articles on the subject. pp. 16083-6
- 11. FOREIGN TRADE. The "Daily Digest" states that the Interstate and Foreign Commerce Committee deferred action until next year on H.R. 5068, to provide for the licensing of independent foreign freight forwarders and that this Committee "gave final approval to membership of the Advisory Council on Foreign Trade Study." p. D855

HOUSE

- 12. RESEARCH. Passed under suspension of the rules H. R. 8639, the industrial—uses research bill which would creake an Agricultural Research and Development Commission as an independent agency (see Digest 150 & 151 for a summary of the provisions of the bill as reported) (pp. 16149-60). Substituted the language of H. R. 8639 as passed for that of a related bill, S. 690, and passed S. 690. H. R. 8639 was then tabled (pp. 16171-2).
- 13. RICE. By a vote of 330 to 52, passed under suspension of the rules H. R. 7889, to require marketing quotas for rice when the total supply of rice exceeds the normal supply (under present law marketing quotas go into effect when the normal supply is exceeded by 10 percent). pp. 16147-9
- 14. PERSONNEL. By a vote of 382 to 4, passed under suspension of the rules S. 2162, to provide a health insurance program for Federal employees (see Digest 145 for a summary of the provisions of the bill as reported) (pp. 16109-23). The "Daily Digest" states that the bill was passed with amendments and returned to the Senate (p. D856).
- 15. AIR POLLUTION. Passed under suspension of the rules H. R. 7476, to extend for 2 additional years, until June 30, 1962, the authority of the Surgeon General of the Public Health Service with respect to air pollution control. pp. 16145-7
- 16. PAYROLLING; TAXES. By a vote of 251 to 133, rejected a motion to suspend the rules and pass H. R. 3151, to provide for the withholding of city taxes by the Federal Government from the salaries of Federal employees in cities with populations of 50,000 or more (a two-thirds majority is required for passage under suspension of the rules). pp. 16160-71
- 17. APPROPRIATIONS. Rep. Aspinall criticized the President's veto of the public works appropriation bill, and urged the House to override the veto. p 16173
- 18. INFORMATION. The Government Operations Committee adopted a report, "Availability of Information From Federal Departments and Agencies (Progress of Study, August 1958-July 1959)". p. D857

- 19. EXHIBITS. Received the conference report on H. R. 8374, to authorize \$12,500,000 for Federal participation in the Century 21 Exposition to be held in Seattle, Wash., in 1961 and 1962 (including USDA participation) (H. Rept. 1104). (pp. 16098, 16196) The Senate received and agreed to the report Aug. 29.
- 20. WATERSHEDS. Received and referred to the Appropriations Committee a letter from the Agriculture Committee approving the following watershed plans: Blackberry River, N. Branch Park River, Conn.; Taylor Creek, Fla.: Potato Creek, Ga.; Crab Orchard Creek, Ky.; East Fork of Clarks River, Ky. and Tenn.; SuAsCo, Mass.; Bowman-Spring Branch, Nebr.; Santa Cruz River, N. Mex.; Willakenzie Area, Ore.; Greene-Dreher, Pa.; and Caney Creek, Tex. p. 16172
- 21. PUBLIC LANDS. Received the conference report on H. R. 6939, to increase the area of public lands in Alaska which may be held under coal lease by any one person or firm from 2,560 acres to 10,240 acres or, in some circumstances, to 15,360 acres (H. Rept. 1116). (pp. 16172-3, 16196) The Senate received and agreed to the report Aug. 28.
- 22. FOREIGN AFFAIRS. The Foreign Affairs Committee reported without amendment H. R. 8582, to authorize the San Banito International Bridge Co. to construct a toll bridge across the Rio Grande near Los Indios, Tex. (H. Rept. 1113). P. 16196
- 23. LEGISLATIVE PROGRAM. At the request of Rep. Mills permission was granted to consider the following bills Wed. Sept. 2, under motions to suspend the rules: H. R. 5813, effects of insecticides on fish and wildlife, and S. 2181, amendments to Mineral Leasing Act. p. 16172

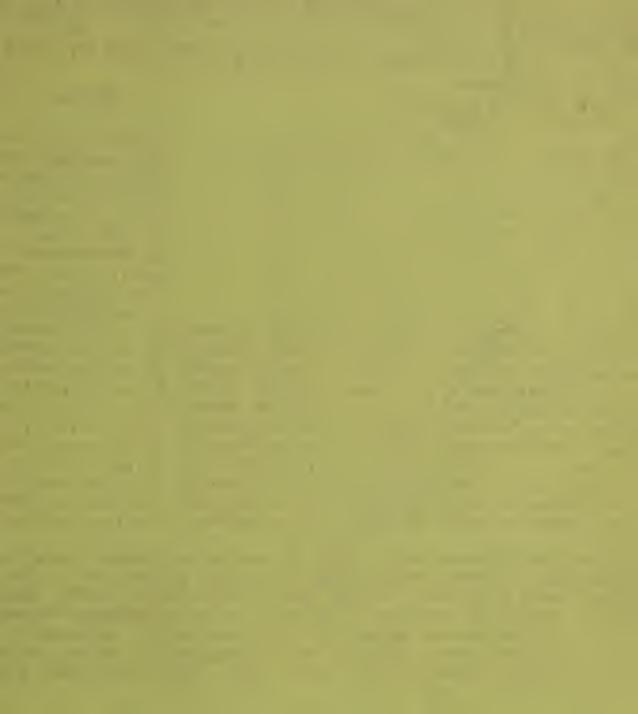
ITEMS IN APPENDIX

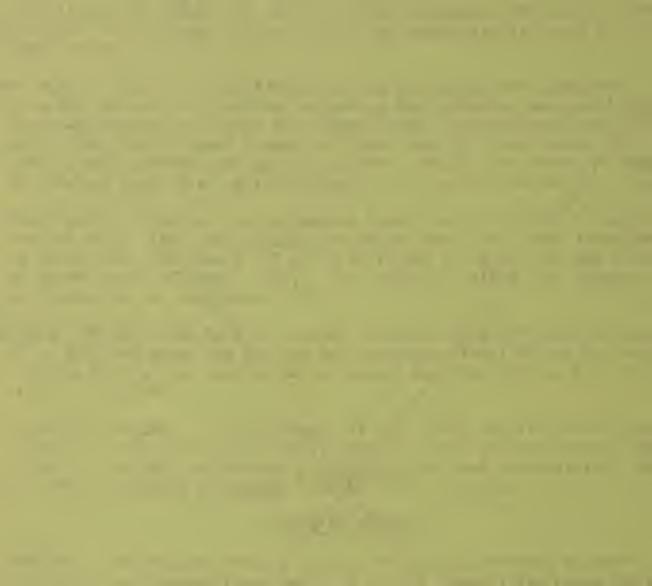
- 24. TAXATION. Extension of remarks of Rep. Herlong elaborating on some of the key points in proposed legislation to reform Federal tax rates and methods to accord with the economics of progress. pp A7572-4
- 25. FOREIGN AID. Rep. Devine inserted the testimony of Dean Manion, Citizens Foreign Aid Committee, before the Senate Appropriations Committee concerning his views on the constitutional aspects of the Foreign Aid program.

 pp. A7576-3
- 26. PERSONNEL. Extension of remarks of Sen. Neuberger inserting correspondence urging the Senate to insist upon the inclusion of the Advisory Council in the proposed health benefits program for Federal employees. pp. A7580-1

Extension of remarks of Rep. Rhodes stating that it is past time that "we also show concern over the need for reform of labor-management relations affecting the Federal Government and its employees." pp. A7615-6

- 27. CORN. Extension of remarks of Rep. Smith, Iowa, inserting an article 'What Iowans Are Doing And Saying About The Big Corn Crop." pp. A7581-2
- 28. APPROPRIATIONS. Extension of remarks of Rep. Evins criticizing the President's veto of the public works appropriation bill and stating that "a vote to override the veto will sustain the prerogative of the Congress to establish the policy of our Nation." p. A7589





Digest of CONGRESSIONAL PROCEEDINGS

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

OFFICE OF BUDGET AND FINANCE

(For Department Staff Only)

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MICHITCHTS. Senate debated Public Is	w 180 hill House committee reported hill to

authorize sale of CCC feed in emergency areas. Senate agreed to conference report on independent offices appropriation bill. Senate concurred in House amendment to bill to provide compensation under Soil Bank to producers for actions based on incorrect information. Senate sustained President's veto of housing bill. Rep. Johnson, Colo., warned of monopoly in dairy industry. House committee reported new jublic works appropriation bill. Rep. Evins criticized Administration's farm policies.

SENATE - SEPT. 4

1. FOREIGN TRADE; SURPLUS COMMODITIES. Began debate on S. 1748, to extend Public Law 480 (pp. 16565-6, 16571-6, 16595-621). By a vote of 47 to 38 agreed to a committee amendment to extend titles I and II for 3 years (pp. 16596-600). Agreed to a committee amendment to increase the total authorization under title I to \$4.5 billion for the 3-year period, with not to exceed \$1.5 authorized to be used annually (p. 16600). Rejected the following amendments:

A committee amendment, 39 to 48, to change the title of the "Agricultural Trade Development and Assistance Act of 1954" to the "Food and Fiber for Peace

Act of 1959." pp. 16601-7

A committee amendment, 42 to 46, to authorize the President to grant surplus commodities to foreign countries to establish national food-reserves. pp. 16608-13

By Sen. Humphrey, 41 to 46, to authorize the enrichment and sanitary packaging of cornmeal, grits, white rice, and white flour distributed by this Department to schools and needy persons, and to authorize demonstration food

- 2. SOIL BANK. Concurred in the House amendment to S. 2457, to authorize the Secretary to compensate producers under the Soil Bank for actions based on erroneous information furnished by authorized representatives of the Secretary. The House amendment provides that no Soil Bank contract shall be modified, invalidated, or changed because of the marriage of any two contracting parties. This bill will now be sent to the President. p. 16607
- 3. HOUSING. By a vote of 58 to 36, sustained the President's veto of the housing bill for 1959, S. 2539 (a two-thirds majority vote being required to override the President's veto). pp. 16576-86
- 4. INDEPENDENT OFFICES APPROPRIATION BILL, 1960. Agreed to the conference report and receded from its amendment (No. 1) to this bill, H. R. 7040, which would have increased to \$25 million, instead of \$10 million (as proposed by the House) the amount for Federal contributions to the States for civil defense purposes on a matching basis. This bill will now be sent to the President. pp.16586-91
- 5. MINERALS. Conferees were appointed on S. 2181, to amend the Mineral Leasing Act of 1920 so as to modify oil, gas, coal, and certain other mineral leasing requirements and conditions. House conferees have not been appointed. p. 16598
- 6. PERSONNEL. Sen. Johnston submitted a motion, intended to be proposed by him, "that the Senate agree to the amendment of the House, with amendments, to Senate bill 2162, the Federal Employees Health Benefits Act of 1959." p. 16556
- 7. APPROPRIATIONS. Both Houses received from the Budget Bureau a report that a Forest Service item for forest protection and utilization had been apportioned on a basis indiciating the need for a supplemental authorization for 1960. pp. 16555, 16689
- 8. PUBLIC WORKS. Sens. Murray and Mansfield criticized the President's veto of the public works appropriation bill for 1960. pp. 16567-8, 16569-70

HOUSE - SEPT. 4

- 9. FEED; DISASTER RELIEF. The Agriculture Committee reported with amendment S. 2504, to authorize the Secretary to sell at market prices COC feed for livestock in emergency areas (H. Rept. 1149). p. 16689
- 10. PUELIC WORKS. The Appropriations Committee reported without amendment H. R. 9105, the new public works appropriation bill for 1960 (H. Rept. 1152). p. 16689 Rep. Thomson, Wyo., termed the President's veto of the original public works appropriation bill "unfortunate" and "ill considered," and he and others discussed the issues and projects involved in the bill. pp. 16676-83
- 11. MONOPOLIES; DAIRY INDUSTRY. Rep. Johnson, Colo., warned of vertical integration in the dairy industry. He stated that such a situation already exists in the livestock industry in his district and that under vertical integration a national chain will determine what price it will pay the milk producer and if the producer asks a higher price, the chain will expand its operations to milk producing as well as distribution. Once the competition is eliminated, the chain is able to set prices at will, he stated. pp. 16683-6
- 12. INTEREST RATES. Passed, 378 to 7, without amendment H. R. 9035, to permit the issuance of series E and H United States savings bonds at interest rates above the existing maximum, to permit the Secretary of the Treasury to designate certain exchanges of Government securities to be made without recognition of gain or

S. 2162

IN THE SENATE OF THE UNITED STATES

September 4 (legislative day, August 31), 1959

Mr. Johnston of South Carolina submitted the following

MOTION

Intended to be proposed by him in connection with the bill (S. 2162) to provide a health benefits program for Government employees:

I move that the Senate agree to the House amendment to S. 2162, the Federal Employees Health Benefits Act of 1959 with the following amendments:

- (1) In lieu of subsection (a) of section 7 of the House amendment insert the following:
- "(a) (1) Except as provided in paragraph (2) of this subsection, the Government contribution for health benefits for employees or annuitants enrolled in health benefits plans under this Act, in addition to the contributions required by paragraph (3), shall be 50 per centum of the lowest rates charged by a

carrier for a level of benefits offered by a plan under paragraph (1) or paragraph (2) of section 4, but (A) not less than \$1.25 or more than \$1.75 biweekly for an employee or annuitant who is enrolled for self alone, (B) not less than \$3 or more than \$4.25 biweekly for an employee or annuitant who is enrolled for self and family (other than as provided in clause (C) of this paragraph), and (C) not less than \$1.75 or more than \$2.50 biweekly for a female employee or annuitant enrolled for self and family including a nondependent husband.

- "(2) For an employee or annuitant enrolled in a plan described under section 4 (3) or (4) for which the biweekly subscription charge is less than \$2.50 for an employee or annuitant enrolled for self alone or \$6 for an employee or annuitant enrolled for self and family, the contribution of the Government shall be 50 per centum of such subscription charge, except that if a nondependent husband is a member of the family of a female employee or annuitant who is enrolled for herself and family the contribution of the Government shall be 30 per centum of such subscription charge.
- "(3) There shall be withheld from the salary of each enrolled employee and the annuity of each enrolled annuitant, and there shall be contributed by the Government, amounts (in the same ratio as the contributions of such employee or annuitant and the Government under paragraphs (1) and (2)) which are

necessary for the administrative costs and the reserves provided for by section 8 (b).

- "(4) There shall be withheld from the salary of each enrolled employee or annuity of each enrolled annuitant so much as is necessary, after deducting the contribution of the Government, to pay the total charge for his enrollment. The amount withheld from the annuity of an annuitant shall be equal to the amount withheld from the salary of an employee when both are enrolled in the same plan providing the same health benefits."
- (2) After section 13 of the House amendment insert a new section 14 as follows and renumber sections 14 and 15 as 15 and 16, respectively:

"Sec. 14. (a) There is hereby established in the Civil Service Commission a Bureau of Retirement and Insurance, which shall perform such of the functions and duties of the Commission with respect to retirement, life insurance, and health benefits programs as the Commission shall prescribe. The Bureau shall be headed by a Director. Except as provided in the second and third sentences of the last paragraph of the first section of the Act of January 16, 1883, the Director shall be responsible to the Chairman of the Commission with respect to the matters transferred to the Chairman by the provisions of section 2 (a) (2) to 2 (a) (6), inclusive, of Reorganization Plan Numbered 5 of 1949. The position of Director shall be placed

in grade 18 of the General Schedule of the Classification Act of 1949, as amended. Such position shall be in addition to the number of positions otherwise authorized by law to be placed in such grade.

"(b) The rate of basic compensation of the Executive Director of the United States Civil Service Commission shall be \$19,000 per annum."

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Congressional Record

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PROCEEDINGS AND DEBATES OF THE 86th CONGRESS, FIRST SESSION

Vol. 105

WASHINGTON, FRIDAY, SEPTEMBER 4, 1959

No. 155

Senate

(Legislative day of Monday, August 31, 1959)

The Senate met at 9 o'clock a.m., on

the expiration of the recess.

The Chaplain, Rev. Frederick Brown
Harris, D.D., offered the following prayer:

Our Father God, since Thou hast planted our feet in a world so full of chance and change that we know not what a day may bring forth, and hast curtained every day with night, and rounded our little lives with sleep; grant that we may use with diligence our ap pointed span of time, working while it is called today since the night cometh when no man can work.

Grant us, we pray, some part in the coming of the commonwealth where those who toil shall be honored and rewarded, where every man's worth shall be reckoned higher than the price of the things he fashions with hand or brain, where science shall serve, not destruction or private gain, but the ad-

vancement of the common good. Make our bodies Thy temple, and our hearts Thine altar where the sacred flame is ever burning. Amen,

TRANSACTION OF ROUTINE BUSINESS

The VICE PRESIDENT. Under the order entered on yesterday, morning business is now in order, under a 3minute limitation.

EXECUTIVE COMMUNICATIONS,

The VICE PRESIDENT laid before the Senate the following letters, which were referred as indicated:

REPORTS ON REAPPORTIONMENT OF APPROPRIA-TIONS'

A letter from the Director, Bureau of the Budget, Executive Office of the President, reporting, pursuant to law, that the appropriation to the Department of the Interior for "Management of lands and resources," Bureau of Land Management, for the fiscal year 1960, had been apportioned on a basis which indicates the necessity for a supplemental estimate of appropriation; to the Committee on Appropriations.

A letter from the Director, Bureau of the Budget, Executive Office of the President, reporting, pursuant to law, that the appropriation to the Department of Agriculture for

"Forest protection and utilization, Forest Service," for the fiscal year 1960, had been Service," for the fiscal year 1960, had been reapportioned on a basis which indicates the necessity for a supplemental estimate of appropriation; to the Committee on Appropria-

RESOLUTIONS OF THE NATIONAL DAUGHTERS OF THE GRAND ARMY OF THE REPUBLIC, DEPART-MENT OF WISCONSIN

Mr. WILEY. Mr. President, I am always pleased to hear from organizations in my home State which reflect broadscope opinion, of significance either to its membership, to the State, or to the Nation in general.

Today, I was pleased to receive from Mrs. Rose Meyer, assistant adjutant general of the National Daughters of the Grand Army of the Republic, Department of Wisconsin, two resolutions adopted at the 46th annual encampment earlier this year.

The resolutions relate, first, to the reissuance of stamps for the Civil War Centennial; and, second, to the dedication of a national memorial at Cettysburg for preserving the historic significance, not only of Lincoln's renowned address, but also commemorating the sacrifices of the gallant men who fought and died at Gettysburg.

Reflecting the interest not only of the Wisconsin membership, but of other members of the National Daughters of the Grand Army of the Republic throughout the country, as well as the interest of other organizations—particularly in resolution 2—I ask unanimous consent to have the letter from the adjutant general, Rose Meyer, and the resolutions printed at this point in the

There being no objection, the letter and the resolutions were referred to the Committee on Post Office and Civil Service and ordered to be printed in the REC-ORD, as follows:

> NATIONAL DAUGHTERS OF THE GRAND ARMY OF THE REPUBLIC, DEPARTMENT OF WISCONSIN, West Allis, Wis., July 21, 1959.

Hon. ALEXANDER WILEY,

U.S. Senator, Washington, D.C.

DEAR SIR: I have been instructed to write you regarding the action at the 46th annual encampment of the Department of Wisconsin, National Daughters of the Grand Army of the Republic, held at the Wisconsin Dells, Wis., June 17-19, 1959. Two resolutions were passed on several questions confronting the U.S. Government, which the organization

felt were of great importance.

Inasmuch as our organization is composed of daughters and granddaughters, in whose veins flows the blood of those gallant boys, who offered their young lives on the altar of their country, and as we are banded together to perpetuate the memory of our heroic fathers, known as the Union Army, serving during the Civil War from 1861 to 1865; and preserve for future generations the history they established through their victorious struggles in creating and maintaining a united country. We wish to go on record as sup-porting the request of President Eisenhower, for the Government to purchase the grounds surrounding Gettysburg to maintain as a national memorial and thus keep it from being obliterated by billboards, hot-dog stands, etc. This ground has been so consecrated by those who sacrificed and gave their lives here and where Lincoln made his formous Gettysburg address known the world famous Gettysburg address, known the world over, let us forever keep it so. We also wish to support a motion that the reissue of the GAR stamp be included along with some 30 other stamps which are to be reissued for the Civil War centennial.

A copy of these resolutions is herewith enclosed and we urge your support of these resolutions to help further action as desired. Respectfully,

Mrs. R. A. Rose Meyer. Assistant Adjutant General.

RESOLUTION 2

Whereas there is to be a reissuance of some 30 stamps for the Civil War Centennial, and

Whereas there has been no mention of the GAR stamp being reissued by the Postmaster General's Department: Therefore

Resolved, That the 46th encampment of the Department of Wisconsin, National Daughters of the Grand Army of the Republic, held at the Wisconsin Dells, Wis., go on record as favoring the reissue of the GAR stamp; and be it further

Resolved, That a copy of this resolution be sent to Maj. U. S. Grant 3d, USA (retired), chairman, and U.S. Senators William Proxmire and Alexander Wiley.

Approved by board of directors June 17,

Endorsed by encampment June 18, 1959. GERTRUDE PEASE, JULIA LAVIN, Rose Meyer, Resolution Committee.

16555

RESTLUTION 3

Whereas Gettysburg has been consecrated by those gallant men of 1861-65, who sacrificed and suffered on the battlefield, it was here that Lincoln made his famous Gettysburg Address known the world over, and now as these hallowed grounds have their beauty marred by billboards, hotdog stands, etc., being put up; and Whereas President Eisenhower has pro-

posed that the United States purchase the surrounding grounds to maintain as a na-

tional memorial: Therefore be it

Resolved, That the Department of Wisconsin, National Daughters of the Grand
Army of the Republic, go on record as
favoring the purchase of these grounds by
the U.S. Government; and be it further. the U.S. Government; and be it further

Resolved, That a copy of this resolution be

sent to U.S. Senators WILLIAM PROXMIRE and

ALEXANDER WILEY.

Approved by department of Wisconsin board of directors June 17, 1959.

Endorsed by department encampment June 18, 1959.

GERTRUDE PEASE. JULIA LAVIN, Rose Meyer, Resolution Committee.

BILL INTRODUCED

A bill was introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. BUTLER: S. 2646. A bill for the relief of Lloyd C. Kimm; to the Committee on the Judiciary.

FEDERAL EMPLOYEES HEALTH BENEFITS ACT OF 1959-MOTION

Mr. JOHNSTON of South Carolina submitted a motion, intended to be proposed by him, that the Senate agree to the amendment of the House, with amendments, to Senate bill 2162, the Federal Employees Health Benefits Act of 1959, which was ordered to be printed.

ADDRESSES, EDITORIALS, ARTI-CLES, ETC., PRINTED IN THE AP-PENDIX

On request, and by unanimous consent, addresses, editorials, articles, etc., were ordered to be printed in the Appendix, as follows:

By Mr. KEFAUVER:

Address delivered by him before the Tennessee Law Enforcement Officers Association, at Knoxville, Tenn., on August 28, 1959. By Mr. WILEY:

Editorial entitled "Less Ice-More Light," published in the Christian Science Monitor of September 1, 1959.
Editorial entitled "A Must Requirement,"

published in the Washington Evening Star of September 3, 1959; and editorial entitled "Salutary Setback," published in the Washington Post and Times Herald of September 4, 1959.

Article entitled "Great Lakes Foreign Trade Is Booming," published in the Green Bay (Wis.) Press-Gazette, on September 1,

By Mr. YAKBOROUGH:

Resolution adopted by the American Legion, Department of Louisiana, Baton Rouge, La., at its annual convention, July 23-26, 1959

Article written by Helen Thomas, entitled "Record School Enrollment To Bring

Annual Problems," published in the Lubbock (Tex.) Avalanche-Journal, on Sunday, August 30, 1959; and article written by Bascom N. Timmons, entitled "Tidal Wave of Students Due," published in the Amarillo (Tex.) News-Globe, on Sunday, August 30,

ANNOUNCEMENT OF PUBLIC HEAR-INGS TO BE HELD JOINTLY BY CONSTITUTIONAL AMENDMENTS SUBCOMMITTEE AND JUVENILE DELINQUENCY SUBCOMMITTEE OF THE COMMITTEE ON THE JU-DICIARY ON SENATE JOINT RES-OLUTION 116, SENATE JOINT RES-OLUTION 133, AND S. 2562

Mr. KEFAUVER. Mr. President, on behalf of the senior Senator from Missouri [Mr. HENNINGS] and myself, I wish to announce a public hearing to be held jointly by the Constitutional Amendments Subcommittee and the Juvenile Delinquency Subcommittee on Senate Joint Resolution 116, Senate Joint Resolution 133, and S. 2562.

The two joint resolutions propose constitutional amendments and the bill propòses changes to sections 1461, 1462, 1463, and 1465 of title 18 of the United States Code and section 259b of title 39 of the United States Code. Both of the joint resolutions and the bill deal broadly with the subject of the publication and dissemination of obscene material They were sponsored and cosponsored by many Senators to all of whom I wish to extend my praise for their support in this

A joint hearing on these matters was held on August 28, 1959, at which time the Postmaster General of the United States and various religious and lay

leaders testified.

The hearing which is presently being announced will begin at 10 a.m., Wednesday, September 9, 1959, in room 457 of the Old Sepate Office Building. Mr. Herbert B. Warburton, General Counsel of the Post Office Department, will testify at that time. Other witnesses have also been invited.

ANOTHER ACCOMPLISHMENT SENATOR GREEN OF RHODE IS-LAND

Mrs. SMITH. Mr. President, that the oldest Member of the Senate, the senior Senator from Rhode Island [Mr. GREEN], is one of the most alert Members, with one of the keenest minds, has long been acknowledged by many of us. A recent accomplishment of his is but another of the many illustrations of this. That achievement has been well summarized by an article in the August 29, 1959, issue of the Army, Navy, Air Force Journal.

I ask unanimous consent to have that article printed in the body of the Con-GRESSIONAL RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

SENATOR CURES ARMY'S MENTAL LAPSE

In one of the fastest decisions in military history, the Army has cured Itself of a mental lapse jointly diagnosed by Senator Theodore Francis Green, Democrat, of Rhode Island, and an eminent psychlatrist in the Senator's home State.

The psychiatrist last month called Senator GREEN'S attention to "USMA Form 5-413" This is the form used by the Army to tell aspiring West Pointers how they made out on their West Point entrance exams

The form has three separate headings: "Mental," "Physical aptitude" and "Medical." If an applicant fails in the first category, he is "mentally disqualified."

That's what happened to the psychiatrist's nephew—son of a Regular Army lieutenant colonel—and how the doctor learned about "USMA Form 5-413" in the first place. He communicated the information to the Sen-

ator. The Senator took corrective action. He advised the Army July 30 that neither the other Service Academies nor leading colleges and universities any longer employ the word "mental" in their admission forms and notices. The word, used in connection with an entrance examination, carries an inference to the average layman of "some in-nate deficiency of the mind" or a "lack of basic intelligence," Senator Green said.

The 91-year-old lawmaker, commander of provisional infantry company in the Spanish-American War, told the Army he thought

the mental category should be erased.
In record time—17 days—the Army otified Senator GREEN that it has adopted a revised format. Next year, the word "academic" will be submitted for "mental" on "USMA Form 5-413."

The psychiatrist, who started the whole thing, remained anonimously in the back-ground because of, as Senator GREEN's office put it, "his aversion to publicity."

The VICE PRESIDENT. Is there further morning business? If not, morning business is concluded.

FOREIGN RELATIONS: LATE SUMMER 1959

Mr. MANSFIELD. Mr. President-The VICE PRESIDENT. Under the order entered on yesterday, the Senator from Montana is recognized for 45 minutes.

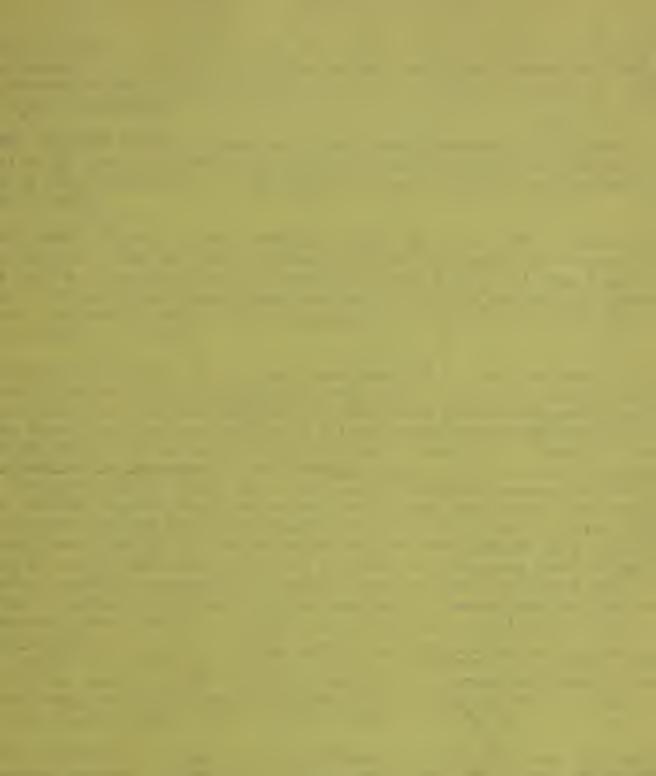
Mr. MANSFIELD. Mr. President, at this moment it may seem a remote possibility, but at some point the first session of the 86th Congress will come to a close. The first snows of winter will undoubtedly have settled on the mountains of Montana by the time the final gavel falls. It may be that the first knows will even have descended in Washington. Sooner or later, however, we shall finish the work of this session. And sooner or later we shall adjourn.

I have sought the floor today in the expectation—perhaps unwarranted that adjournment may come sooner, rather than later. I have sought it in order to make certain summary remarks on the international situation and the present state of the Nation's foreign relations.

It is not easy to draw up a balance sheet of this kind. Yet the attempt to do so on other occasions, I believe, has been helpful; and it may prove to be helpful now.

In broad terms, I suppose, one might say that since the Nation is not fighting a war in this late summer 1959, the balance sheet is fine. That sort of observa-tion, comforting though it may be, tells us nothing of the stubborn international realities with which we must live, with which we must continue to contend,

It may be good politics to say that the absence of fighting on our part proves





- 3 -

SENATE

10. WHEAT. Passed as reported S. 2449, to extend the International Wheat
Agreement Act of 1949 to cover the International Wheat Agreement, 1959 The
committee report states that the amendments are "purely technical, making no
change in substance." p. 17433

11. FEED; DISASTER RELIEF. Concurred in the House amendments to S. 2304, to authorize this Department to sell at current support prices CCO feed for live-stock in emergency areas. This bill will now be sent to the President. pp. 17396-7

12. FARM LOANS. Agreed to the conference report on H. R. 7629, to extend for 2 years, until June 30, 1961, the authority of the Farmers' Home Administration to make real estate loans for refinancing farm debts, and providing that growing or recently harvested crops shall be included in computing a farmer's assets in making loans under this authority. This bill will now be sent to the President. p. 17397

13. PERSONNEL. Concurred in the House amendments to S. 1845, to grant this Department 10 additional <u>Public Law 313</u> positions increase the salaries of certain Administrative Assistant Secretaries (including this Department), and revise the basic rates of compensation of certain other Government positions (see Digest 157 for a summary of the provisions of the bill). This bill will now be sent to the President. pp. 17399-400

Concurred in the House amendments, with additional amendments, to S. 2162, to provide a health benefits program for Federal employees. Sen. Johnston explained that the Senate amendments "make it clear that the price figures established in the bill by the House apply to the purchase of health benefits and do not include auxiliary costs in addition to sharing the cost of the health benefits purchased" and "make clear that both Government and employees will share these auxiliary costs in addition to sharing the cost of the health benefits purchased" and provides for "a Director of Retirement and Insurance." pp. 17402-7

Passed as reported A. R. 4283, to amend the District of Columbia Income and Franchise Tax Act of 1947 so as to provide that certain officers of the executive branch of the Federal Government appointed by the President and confirmed by the Senate shall be exempt from the act. pp. 17431-2

- 14. WATER UTILIZATION. Passed without amendment S. 1605, to grant the consent of Congress to Kan. and Nebr. to negotiate and enter into a compact relating to the apportionment of the waters of the Big Blue River and its tributaries as they affect these States. p. 17374
- 15. PATENTS, PLANTS. Passed over, at the request of Sen. Prouty, \$ 1447, to amend Sec. 161, title 35, U. S. Code, with respect to patents for plants so as to eliminate the exclusion of tuber propagated plants from being patented. p. 17375

16. MINERALS. Passed without amendment S. 1537, to establish a national mining and minerals policy. pp. 17382-3

Agreed to H. Con. Res. 177, requesting the President to have reviews made, and to report to Congress, on the more effective use of Government programs in increasing production and employment in critically depressed mining and mineral industries.affecting public and other lands. p. 17383

- 17. WATER RESOURCES. Passed as reported S. 2628, to establish a U. S. Study Commission on the Development of the Rivers, Ports, and Drainage Basins (and intervening areas) of Alaska. pp. 17384-7
- 18. INSPECTION SERVICES; IMPORTS. Passed with amendments H. R. 8582, to authorize the construction of a toll bridge across the Rio Grande near Los Indios, Tex. (a similar bill S. 2531 was indefinitely postponed) (pp. 17388-92), and H. R. 8694, to authorize the construction of a toll bridge across the Rio Grande at or near Rio Grande City, Tex. (a similar bill S. 2590 was indefinitely postponed) (p. 17392). Both these bills would affect this Department's inspection service costs regarding imports.
- 19. NUTUAL SECURITY APPROPRIATION BILL, 1960. Passed over, at the request of Sen. Morse, this bill, H. R. 8385. p. 17392
- 20. FOREIGN AID. Passed without amendment S. 1697, to amend the Mutual Defense Assistance Control Act of 1951 so as to permit, if the President finds it to be in the national interest, U. S. aid to any foreign country except Russia and Communist-held areas of the Far Eest. pp. 17401-2
- 21. APPROPRIATIONS; CLAIMS. Received from the President a supplemental appropriation estimate to pay claims for damages and a judgment rendered against the U.S. in the amount of \$323,629, together with such amount as may be necessary to pay indefinite interest (S.Doc. 56). p. 17342
- 22. INFLATION. Sen. Byrd, Va., termed inflation "our No. 1 domestic problem," and inserted two articles on the subject. pp. 17353-5
- 23. CONSERVATION CORPS. Sen. Morse inserted an article showing that Gov.
 Rockefeller favors youth camps for juveniles in New York and associated this position with the principle involved in S. 812, the Youth Conservation Corps bill, that has passed the Senate and is awaiting action in the House. pp. 17356-7

Sen. Randolph and others urged support in the House for the Youth Conservation Corps bill. p. 17362-3

- 24. FORESTRY. Sen. Moss praised the work of the Forest Service smokejumpers and others in alleviating the destructive results of the recent Montana earthquake. pp. 17359-60
- 25. CONGRESSIONAL RECESS. Sen. Smith urged support for her resolution to have Congress recess for a period each summer. pp. 17348-9
- 26. FISH AND WILDLIFE. Concurred in the House amendment to S. 1575, to authorize the appropriation of \$2,565,000 to Interior to undertake continuing studies of the effects of insecticides, herbicides, fungicides, and other pesticides upon fish and wildlife. This bill will now be sent to the President. p. 17407
- 27. INTERCOVERNMENTAL RELATIONS. Passed with amendment H. R. 6904, to establish an Advisory Commission on Intergovernmental Relations, after substituting the language of a similar bill, S. 2026, as amended. S. 2026 was indefinitely postponed. Senate conferees were appointed. pp. 17408-17
- 28. SMALL BUSINESS. Passed with amendment H. R. 8599, to provide an additional \$75 million for the Small Business Administration's revolving fund, after substituting the language of a similar bill, S. 2612, as amended. pp. 17427-8

in the Record a biographical sketch of

Warwick Downing.

There being no objection, the statement was ordered to be printed in the Recorp, as follows:

BIOGRAPHICAL SKETCH OF WARWICK DOWNING

Warwick M. Downing was born in Macomb, Ill., Ianuary 14, 1875, of Quaker ancestry. His first immlgrant ancestor arrived in Plymouth as far back as 1621.

As a young man, Mr. Downing determined to do his best toward accomplishing something notable and well worthwhile for the public welfare, and to devote as large an amount of his personal time to public service as possible. He fet as a minimum he should so devote 10 percent of his time.

He was graduated from East Denver High School in 1891. Shortly after his graduation from high school, he procured a job as a cub reporter on the Denver Times. He left this employment to attend the University of Michigan College of Law and graduated from that institution in 1895. Durling his years in law school he was Amp Arbor correspondent for the Detroit Evening Jourles of Chicago Highest. correspondent for the Detroit Evening Jour-nal, the Chicago Times, the Chicago Herald, the Chicago Inter-Ocean, the New York Sun, and the United Press.

Often referred to as the dean of oil and gas lawyers in the Rocky Mountain region, Mr. Downing has made a life career of service to the public and particularly in the field of oll and gas conservation. He has consistently refused to accept public office with pay, but has held many offices of an honorary nature, all without compensation,

some of which are listed hereln:

Park Commissioner of Denver under Mayor Speer and Arnold, 1904-13.

Chairman Mountain Parks Committee of the Clvlc Bodies and member of the Denver

Mountain Parks Commission, 1911-20.

Member Denver Playground Commission,

1910-13. Member Denver Good Roads Board,

1920-24. Member Colorado State Highway Advisory

Representative of the State of Colorado on Oil States Advisory Committee, appointed by the Governors of 12 of the prin-

cipal oil-producing States, 1931–34.

Representative of the State of Colorado on the Interstate Oil Compact Commission, created by the principal oll-producing States with congressional approval, 1935 to date. Chairman of the Gas Conservation Com-

mission of the State of Colorado and its successor body, the Oll and Gas Conservation Commission, 1932 to date. Recently appointed as a member of said Oil and has Conservation Commission for a term expiring in 1961.

Member of the National Petroleum Council, appointed by the Secretary of the In-

Member of the National Conference of Petroleum Regulatory Authorities, appointed to serve and help the Secretary of the In-terior during World War II from the State's standpoint.

Member of the Governors Advisory Council, with reference to oil and gas matters, during World War II

He has served on the Interstate Oil Compact Commission ander nine Colorado Governors, six Democrats (including Gov. Ed Johnson who was Governor twice with an 18-year interlade as U.S. Senator) and three Republicans. He has served many years as vice president for Colorado or as a member of the executive committee of the Indeed of the executive committee of the Independent Petroleum Association of America.

He has been one of the Nation's leaders to bying about laws, regulations, and practices which would encourage the development of oil and gas on public lands.

His chief accomplishment, however, was the development of the oil shales in Colo-

rado. He cooperated with Senator JOSEPH O'MAHONEY, of Wyoming, in development of Government program for experimental work in developing a liquid fuel industry, in particular that feature of this program which included Colorado's oil shale as a source of synthetic or liquid fuel.

The late Mayor Robert Speer, of Denver, called Mr. Downing "father of the mountain parks and of the boulevards and playgrounds of Denver." As chalrman of the Mountain Parks Committee of the Civic Bodies, he had the leading part in putting across the mountain parks idea. It must be remembered that this was at a time when autos were few, and many of the citizens of Denver organized to kill what they termed "a fool idea" of spending Denver money in the mountains, and to stop a "bunch of speculators" who wanted to unload worthless, hillsides on Denver at a fancy price.

Mr. Downing drew the mountain parks amendment to the Denver city charter, and pushed its adoption by the people. This also entailed the procuring of necessary legislation by the legislature of Colorado and procuring of an act of Congress, deeding some 10,000 acres to the Denver park system, and of being responsible for the expenditures of the public funds that made our Denver mountain park system what it is today.

Mr. Downing's work for the Denver play-ground system was no less notable. All the playgrounds now owned by Denvey, with one principal exception, were acquired by him and were largely constructed under his

him and were largely constructed under his administration as a member of the Denver Park Commission. Likewise, Denver's municipal parkway and boulevard system was largely his creation.

The Denver Good Roads Board, of which Mr. Downing was a member, prepared and passed the 1920 Highway Law, under which (and as amended) our State highway system has been built. He was also instrumental in all of the highway projects. He accepted appointment to the Highway Advisory Board by Governor Teller Ammons in 1936.

As a member of the Lighway Advisory

in 1936.

As a member of the Highway Advisory Board, Mr Downing pushed a completion of the highway to Summit Lake on the Mount Evans road, and realinement of improvement of the road from Summit Lake to Mount Evans. His principal effort however, was to give aid to the Western Glope in highway development so that the Western Glope would have an all-year-round highway to be completed from the north boundary. to be completed from the north boundary

to the south boundary of the State.

It thus appears that Mr. Downing ha held public office for more than 84 years, as many years as he has lived, and during his entire time of public service he has never received a penny of compensation for his time.

Mr. Downing is married to the former Mabelle Jackson Bell of Dallas, Tex.

has two children, Richard Downing, Denver attorney, associated with him in the practice of law, and Dr. Virginia Downing of Boulder, Colo. engaged in research on the causes and control of cancer.

AMENDMENT OF MUTUAL DEFENSE ASSISTANCE CONTROL ACT OF

Mr. JOHNSON of Texas. Mr. President, I move that the Senate proceed to the consideration of Calendar No. 596, Senate bill 1697.

The motion was agreed to; and the Senate proceeded to consider the bill (S. 1697) to amend the Mutual Defense Assistance Control Act of 1951.

Mr. KEATING. Mr. President, may we have an explanation of the bill?

Mr. JOHNSON of Texas. This mure is Calendar No. 596, Senate This measbill 1697, to amend the Mutual Defense Assistance Control Act of 1951.

Mr. KENNEDY. Mr. President, the bill provides for a change in the provisions of the so-called Battle Act, so as to provide—if the President determines it to be in the national interest some degree of assistance to countries now under Soviet control, but trying to

maintain some degree of independence.

I am thinking especially of Poland, which has been undergoing a very trying period in its relationships with the Soviet Union, but also—as the recent trip of Mr. Nixon indicates—has a strong and warm feeling toward the

United States.

This measure provides that if the President finds it to be in the national interest, a country which might be under the domination of the Soviet Union could receive assistance from our country in the following way: If the President thought it to be in our interest, he could provide funds which might be obtained through Public Law 480 sales in local currencies, which funds could be loaned back to that country, as is done in the case of other countries; and, second, the Export-Import Bank would be permitted to make loans to a country which falls into this particular "gray status

Those are the particular provisions of the hill.

The PRESIDING OFFICER. The bill is open to amendment.

If there be no further amendment to be proposed, the question is on the engrossment and third reading of the bill.

The bill (S. 1697) was ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 102 of title I of the Mutual Defense Assistance Control Act of 1951 (22 U.S.C. 1611a) is amended to read as follows:

"SEC. 102. Responsibility for giving effect to the purposes of this Act shall be vested in the Secretary of State or such other officer as the President may designate, hereinafter referred

to as the 'Administrator'.'

SEC. 2. Section 303 of title II of the futual Defense Assistance Control Act of 1961 (22 U.S.C. 1613b) is amended to read as follows:

follows:

"Sar. 303. (a) This Act shall not be deemed to prohibit furnishing economic and financial assistance to any nation or area, except the Union of Loviet Socialist Republics and Communist-held areas of the Far East, whenever the Presiden determines that such assistance is important to the security of the United States: Provided, That, after termination of assistance to any nation as provided in sections 103 (b) and 203 of this Act, assistance shall be resumed to such nation only in accordance with section 104 of this Act. The President shall immediately report any determination made pursuant to this subsection with reasons therefor to the Committees on Foreign Relations, Appropriations, and Armed Services of the Senate and the Speaker of the House of Representatives.

"(b) The Administrator may, notwith-

"(b) The Administrator may notwith-standing the requirements of the first proviso of section 103(b) of this Act, direct the continuance of assistance to a country which knowingly permits shipments of items other than arms, ammunition, implements of war, and atomic energy materials to any nation or area receiving economic or financial assistance pursuant to a determination made under section 303(a) of this Act.

ADVISORY COMMISSION ON INTER-GOVERNMENTAL RELATIONS

Mr. JOHNSON of Texas. Mr. President, I move that the Senate return to the consideration of Calendar No. 581, S. 2026.

The PRESIDING OFFICER. The question is on agreeing to the motion of

the Senator from Texas.

The motion was agreed to; and the Senate resumed the consideration of the bill (S. 2026) to establish an Advisory Commission on Intergovernmental Relations.

Mr. JOHNSON of Texas. Mr. President, I yield to the Senator from South Carolina [Mr. Johnston].

FEDERAL EMPLOYEES HEALTH BENEFITS ACT OF 1959

Mr. JOHNSTON of South Carolina. Mr. President, at this time I ask the Chair to lay before the Senate the amendment of the House of Representa-

tives to Senate bill 2162.

The PRESIDING OFFICER laid before the Senate the amendment of the House of Representatives to the bill S. 2162 to provide a health benefits program for Government employees, which was, to strike out all after the enacting clause and insert:

That this Act may be cited as the "Federal Employees Health Benefits Act of 1959".

DEFINITIONS

SEC. 2. As used in this Act-

(a) "Employee" means an appointive or elective officer or employee in or under the executive, judicial, or legislative branch of the United States Government, including a Government-owned or controlled corpora-tion (but not including any corporation under the supervision of the Farm Credit Administration, of which corporation any member of the board of directors is elected or appointed by private interests), or of the municipal government of the District of Columbia, and includes an Official Reporter of Debates of the Senate and a person employed by the Official Reporters of Debates of the Senate in connection with the performance of their official duties, and an employee of Gallaudet College, but does not include
(1) a member of a "uniformed service" as such term is defined in section 1072 of title 10 of the United States Code, (2) a noncitizen employee whose permanent-duty station is located outside a State of the United States or the District of Columbia, or (3) an employee of the Tennessee Valley Authority.

(b) "Government" means the Government of the United States of America (including the municipal government of the District

of Columbia).

(c) "Annuitant" means-

(1) an employee who on or after the effective date of the provisions referred to in section 15 retires on an immediate annuity, under the Clvil Service Retirement Act or other retlrement system for civilian employees of the Government, after twelve or more years of service or for disability,

a member of a famlly who receives an immediate annuity as the survivor of a retired employee described in clause (1) or of an employee who dies after completing

five or more years of service,

(3) an employee who receives monthly compensation under the Federal Employees' Compensation Act as a result of injury sustained or illness contracted on or after such date of enactment and who is determined by the Secretary of Labor to be unable to return to duty, and

a member of a family who receives monthly compensation under the Federal Employees' Compensation Act as the surviving beneficiary of (A) an employee who, having completed five or more years of service, dies as a result of lllness or lnjury compansable under such Act or (B) a former employee who is separated after having completed five or more years of service and who dies while receiving monthly compensation under such Act on account of injury sustained or illness contracted on or after such date of enactment and has been held by the Secretary of Labor to have been unable to return to duty.

For the purpose of this subsection, ice" means service which is creditable for the purposes of the Civil Service Retirement

(d) "Member of family" means an em-(d) Member of family means an employee's or annuitant's spouse and any unmarried child (1) under the age of nlneteen years (including (A) an adopted child, and (B) a stepchild or recognized natural child who lives with the employee or annuitant of the complexity of the contract of the nultant in a regular parent-child relationshlp), or (2) regardless of age who is incapable of self-support because of mental or physical incapacity that existed prior to his reaching the age of nineteen years, (e) "Dependent husband" means a hus-

band who is incapable of self-support by reason of mental or physical disability which can be expected to continue for more than

"Health benefits plans" means a group insurance policy or contract, medical or hospital service agreement, membership or subscription contract, or similar group arranagement provided by a carrier for the purpose of providing, paying for, or relmbursing expenses for health services.

"Carrier" means a voluntary association, corporation, partnership, or other nongovernmental organization which is law-fully engaged in providing, paying for, or reimbursing the cost of, health services under group insurance policies or contracts, medical or hospital service agreements, membership or subscription contracts, or similar group arranagements, in consideration of premums or other periodic charges payable to the carrier, including a health benefits plan duly sponsored or underwritten by an

employee organization.
(h) "Commission" means the United

States Civil Service Commission.
(1) "Employee organization" means an association or other organization of employees which-

(1) Is national in scope or(2) in which membership is open to all employees of a Government department, agency, or independent establishment who are ellgible to enroll in a health benefits plan under this Act,

and which on or before December 31, 1959, applies to the Commission for approval of a plan provided for by section 4(3) of this Act.

ELECTION OF COVERAGE

Sec. 3. (a) Any employee may, at such time, in such manner, and under such conditions of eligibility as the Commission may by regulation prescribe, enroll in an approved health benefits plan described in section 4 either as an individual or for self and family. Such regulations may provide for the exclusion of employees on the basls of the nature and type of their employment or conditions pertaining thereto, such as, but not ilmited to, short-term appointments, seasonal or intermittent employment, and

employment of like nature, but no employee or group of employees shall be excluded solely on the basis of the hazardous nature of their employment.

(b) Any annuitant who at the time he becomes an annultant shall have been enrolled in a health benefits plan under this

(1) for a period not less than (A) the five years of service immediately preceding retirement or (B) the full period or periods of service between the last day of the first period, as prescribed by regulations of the Commission, in which he is eligible to enroll In such a plan and the date on which he becomes an annultant, whichever is shorter,

(2) as a member of the family of an employee or annuitant-

may continue his enrollment under such conditions of eligibility as may be prescribed by regulations of the Commission.

If an employee has a spouse who is an employee, either spouse (but not both) may enroll for self and family, or either spouse may enroll as an individual, but no person may be enrolled both as an employee or annultant and as a member of the family.

(d) A change in the coverage of any employee or annuitant, or of any employee or annuitant and members of his famlly, enrolled in a health benefits plan under this Act may be made by the employee or annultant upon application filed within sixty days after the occurrence of a change in family status or at such other times and under such conditions as may be prescribed by regulations of the Commission.

(e) A transfer of enrollment from one health benefits plan described in section 4 to another such plan may be made by an employee or annuitant at such times and under such conditions as may be prescribed by regulations of the Commission.

HEALTH BENEFITS PLANS

SEC. 4. The Commission may contract for or approve the following health benefits plans:

(1) SERVICE BENEFIT PLAN .- One Government-wide plan (offering two levels of benefits) under which payment is made by a carrier under contracts with physicians, hospltals, or other providers of health services for benefits of the types described in section 5(1) rendered to employees or annuitants, or members of their families, or, under certain conditions, payment is made by a carrier to the employee or annuitant or member of his family.

(2) INDEMNITY BENEFIT PLAN.—One GOV-

ernment-wide plan (offering two levels of benefits) under which a carrier agrees to pay certain sums of money, not in excess of the actual expenses incurred, for benefits of the

types described in section 5(2).

(3) EMPLOYEE ORGANIZATION PLANS.—Employee organization plans which offer benefits of the types referred to in section 5(3), which are sponsored or underwritten, and are administered, in whole or substantial part. by employee organizations, which are available only to persons (and members of their families) who at the time of enrollment are members of the organization, and which on July 1, 1959, provided health benefits to members of the organization.

(4) COMPREHENSIVE MEDICAL PLANS.—
(A) GROUP-PRACTICE PREPAYMENT PLANS.— Group-practice prepayment plans which offer health benefits of the types referred to in section 5(4), in whole or in substantial part on a prepaid basis, with professional services thereunder provided by physicians practicing as a group in a common center or centers. Such a group shall include physicians representing at least three major medical specialties who receive all or a substantlal part of their professional income from the prepaid funds.

(B) INDIVIDUAL-PRACTICE PREPAYMENT PLANS.-Individual-practice prepayment plans which offer heaith services in whole or substantial part on a prepaid basis, with professional services thereunder provided by individual phylicians who agree, under certain conditions approved by the Commission, to accept the payments provided by the plans as full payment for covered services rendered by them including, in addition to in-hospital services, general care rendered in their offices and the patients' homes, out-ofhospital diagnostic procedures, and prevencare, and which plans are offered by organizations which have successfully operated such pians prior to approval by Commission of the plan in which employees may enroil.

TYPES OF BENEFITS

SEC. 5. The benefits to be provided under plans described in section 4 may be of the following types:

(1) SERVICE BENEFIT PLAN.-

(A) Hospital benefits.

(B) Surgical benefits.

- (C) In-hospital medical benefits.
- Ambulatory patient benefits. (\mathbf{D})
- Supplemental benefits.
- Obstetrical benefits.
- (2) INDEMNITY BENEFIT PLAN,---

(A) Hospital care.

- (B) Surgical care and treatment.
- Medical care and treatment. (C)

Obstetrical benefits. (D)

- (E) Prescribed drugs, medicines, and pros-
- (F) Other medical supplies and services.
- (3) EMPLOYEE ORGANIZATION PLANS .- Beneof the types specified in this section under paragraph (1) or (2) or both.

 (4) COMPREHENSIVE MEDICAL PLANS.—Bene-

fits of the types specified in this section under paragraph (1) or (2) or both.

All plans contracted for under paragraphs (1) and (2) shall include benefits both for costs associated with care in a general hospital and for other health service costs of a catastrophic nature.

CONTRACTING AUTHORITY

SEC. 6. (a) The Commission is authorized, without regard to section 3709 of the Revised statutes or any other provision of law requiring competitive bidding, to enter into contracts with qualified carriers offering plans described in section 4. Each such contract shall be for a uniform term of at least one year, but may be made automatically renewable from term to term in the absence of notice of termination by either

(b) (1) To be eligible as the carrier for the plan described in section 4(2), a company must be licensed to issue group health insurance in all the States of the United States

and the District of Columbia.

(2) Each contract for a pian described in paragraph (1) or (2) of section 4 shall require the carrier—

(A) to reinsure with such other companies as may elect to participate, in accordance with an equitable formula based on the total amount of their group health in-surance benefit payments in the United States during the latest year for which such information is available, to be determined by the carrier and approved by the Commission, or

(B) to allocate its rights and obligations under the contract among such of its affiliates as may elect to participate, in accordance with an equitable formula to be determined by the carrier and such affiliates and

approved by the Commission.

Each contract under this Act shall contain a detailed statement of benefits offered and shall include such maximums, iimitations, exclusions, and other definitions of benefits as the Commission may deem necessary or desirable.

- (d) The Commission is authorized to prescribe regulations fixing reasonable minimum standards for health benefits plans described in section 4 and for carriers offering such plans. Approval of such a plan shall not be withdrawn except after notice, and opportunity for hearing without regard to the Administrative Procedure Act, to the carrier or carriers concerned.
- (e) No contact shail be made or plan approved which excludes any person because of race, sex, health status, or, at the time of the first opportunity to enroll, because of
- (f) No contract shall be made or plan approved which does not offer to each employee and annuitant whose enrollment in the plan is terminated, other than by a cancellation of enrollment, a temporary extension of cov erage during which he may exercise the option to convert, without evidence of good health, to a nongroup contract providing health benefits. An employee or annuitant who exercises this option shall pay the full periodic charges of the nongroup contract, on such terms or conditions as are prescribed by the carrier and approved by the Com-
- (g) The benefits and coverage made availpursuant to the provisions of subsection (f) shall, at the option of the employee or annuitant, be noncancelable by the carrier except for fraud, overinsurance, or nonpayment of periodic charges.
- (h) Rates charged under health benefits plans described in section 4 shall reasonably and equitably reflect the cost of the benefits provided. Rates under health benefits plans described in section 4(1) and (2) shall be determined on a basis which, in the judgment of the Commission, is consistent with the lowest schedude of basic rates generally charged for new group health benefit plans issued to large employers; rates determined for the first contract term shall be continued for subsequent contract terms, except that they may be readjusted for any subsequent term, based on past experience and benefit adjustments under the subsequent contract: any readjustment in rates shall be made in advance of the contract term in which they will apply and on a basis which, in the judgment of the Commission, is consistent with the general practice of carriers which issue group health benefit pians to large employers.

CONTRIBUTIONS

SEC. 7. (a)(1) Except as otherwise provided in this subsection, the contribution of the Government to the subscription charge of a plan for each enrolled employee or annuitant shall be such amounts as the Commission by regulation may from time to time prescribe. The amounts so prescribed

(A) be less than \$1.25 or more than \$1.75 biweekly for an employee or annuitant who

is enrolled for self alone, or

(B) be less than \$3 or more than \$4.25 biweekly for an employee or annuitant who is enrolled for self and family, except that if a nondependent husband is a member of the family of a female employee or annuitant who is enrolled for herself and family the amount so presribed shall not be less than \$1.75 or more than \$2.50 biweekly.

For an employee or annuitant enrolled in a pian described under section 4 (3) or (4) whose biweekiy subscription charge is less than \$2.50 for an employee or annuitant enrolled for self alone or \$6 for an employee or annuitant enrolled for self and family, the contribution of the Government shall be 50 per centum of such subscription charge, except that if a nondependent husband is a member of the family of a female employee or annuitant who is enrolled for herself and family the contribution of the Government shall be 30 per centum of such subscription charge.

- (2) There shall be withheld from the salary of each enrolled employee or annuity of each enrolled annuitant so much as is necessary, after deducting the contribution of the Government, to pay the total charge for his enrollment. The amount withheld from the annuity of an annuitant shall be equal to the amount withheld from the salary of an employee when both are enrolled in the same plan providing the same
- health benefits.
 (3) The contributions of the Government as initially determined by the Commission and the contributions of the employees and annuitants may from time to time be readjusted, subject to the limitations on amounts contained in paragraph (1), on the basis of past experience and proposed benefit ad-justments, such readjustment to be in the same ratio as the contributions of the Government bear to the contributions of the employees and annuitants at the time of the initial determination by the Commission.
- (b) An employee enroiled in a health benefits pian under this Act who is placed in a leave-without-pay status may have his coverage and the coverage of members of his family continued under such plan for a period not to exceed one year in accordance with regulations prescribed by the Commission. Such regulations may provide for the waiving of contributions by the employee and the Government.

(c) The sums authorized to be contributed by the Government with respect to any employee shall be paid from-

(1) the appropriation or fund which is used for payment of the salary, wage, or other compensation of such employee,

- (2) in the case of an elected official, from such appropriation or fund as may be available for payment of other salaries of the same office or establishment.
- (3) in the case of an employee in the legislative branch whose salary, wage, or other compensation is disbursed by the Clerk of the House of Representatives, the contingent funds of the House, and
- (4) in the case of an employee in a leavewithout-pay status, from the appropriation or fund which would be used for the payment of the saiary of such employee if he were in a pay status.

The sums authorized by subsection (a) (1) to be contributed by the Government with respect to any annuitant shall be paid from annual appropriations which are hereby authorized to be made for such purpose.

(d) The Commission shall provide for conversion of rates of contribution specified in this section in the cases of employees and annuitants paid on other than a biweekly basis, and for this purpose may provide for adjustment of any such rate to the nearest

EMPLOYEES HEALTH BENEFITS FUND

SEC. 8. (a) There is hereby created an Employees Health Benefits Fund, hereinafter referred to as the "Fund", to be administered by the Commission, which is hereby made available without fiscal year limitation for all payments to approved health benefits plans. The contributions of employees, annuitants, and the Government described in section 7 shall be paid into the

(b) Portions of the contributions made by employees, annuitants, and the Government shall be regularly set aside in the Fund as follows: (1) a percentage, not to exceed 1 per centum of all such contributions, de-termined by the Commission as reasonably adequate to pay the administrative expenses made available by section 9; (2) for each health benefits plan, a percentge, not to exceed 3 per centum of the contributions toward such plan, determined by the Commission as reasonably adequate to provide a contingency reserve. The income derived from any dividends, rate adjustments, or other refunds made by a plan shall be credited to its contingency reserve. The contingency reserves may be used to defray increases in future rates, or may be applied to reduce the contributions of employees and the Government to, or to increase the benefits provided by, the plan from which such reserves are derived, as the Commission shall from time to time determine.

(c) The Secretary of the Treasury is authorized to invest and reinvest any of the moneys in the Fund in interest-bearing obligations of the United States and to sell such obligations of the United States for the purposes of the Fund. The interest on and the proceeds from the sale of any such obligations shall become a part of the Fund.

ADMINISTRATIVE EXPENSES

SEC. 9. (a) There are hereby authorized to be expended from the Employees' Life Insurance Fund, without regard to limitations on expenditures from that Fund, for the fiscal years 1960 and 1961, such sums as may be necessary to pay administrative expenses incurred by the Commission in carrying out the health benefits provisions of this Act. Reimbursements to the Employees' Life Insurance Fund for sums so expended, together with interest at a rate to be determined by the Secretary of the Treasury, shall be made from the Employees Health Benefits Fund.

(b) The Employees Health Benefits Fund is hereby made available (1) to reimburse the Employees' Life Insurance Fund for sums expended by the Commission in administering the provisions of this Act for the fiscal years 1960 and 1961 and (2), within such limitations as may be specified annually by the Congress, to pay such expenses for subsequent fiscal years.

ADMINISTRATION

SEC. 10. (a) The Commission is authorized to promulgate such regulations as may be necessary to carry out the provisions of this Act.

(b) Regulations of the Commission shall include regulations with respect to the beginning and ending dates of coverage of employees and annuitants and members of their families under health benefits plans, and for such purpose may permit such coverage to continue, exclusive of the temporary extension of coverage described in section 6(f), until the end of the pay period in which an employee is separated from service or until the end of the month in which an annuitant ceases to be entitled to annuity, and in case of the death of such employee or annuitant may permit a temporary extension of the coverage of the members of his family for a period not to exceed ninety days.

(c) Any employee enrolled in a plan under this Act who is removed or suspended without pay and later reinstated or restored to duty on the ground that such removal or suspension was unjustified or unwarranted shall not be deprived of coverage or benefits for the interim but shall have his coverage restored to the same extent and effect as though such removal or suspension had not taken place, and appropriate adjustments shall be made in premiums, subscription charges, contributions, and claims.

(d) The Commission shall make available to each employee eligible to enroll in a health benefits plan under this Act such information, in a form acceptable to the Commission after consultation with the carrier, as may be necessary to enable such employee to exercise an informed choice among the types of plans referred to in section 4. Each employee enrolled in such a health benefits plan shall be issued an appropriate document setting forth or summarizing the services or benefits (including maximums, limitations, and exclusions), to which the employee, or the employee and members of his family, are entitled thereunder, the

procedure for obtaining benefits, and the principal provisions of the plan affecting the employee or members of his family.

STUDIES, REPORTS, AND AUDITS

SEC. 11. (a) The Commission shall make a continuing study of the operation and administration of this Act, including surveys and reports on health benefits plans available to employees and on the experience of such plans.

(b) The Commission shall include provisions in contracts with carriers which would require carriers to (1) furnish such reasonable reports as the Commission determines to be necessary to enable it to carry out its functions under this Act, and (2) permit the Commission and representatives of the General Accounting Office to examine records of the carriers as may be necessary to carry out the purposes of this Act.

(c) Each Government department, agency, and independent establishment shall keep such records, make such certifications, and furnish the Commission with such information and reports as may be necessary to enable the Commission to carry out its functions under this Act.

REPORTS TO CONGRESS

SEC. 12. The Commission shall transmit to the Congress annually a report concerning the operation of this Act.

ADVISORY COMMITTEE

SEC. 13. The Chairman of the Commission shall appoint a committee composed of five members who shall serve without compensation, to advise the Commission regarding matters of concern to employees under this Act. Each member of such committee shall be an employee enrolled under this Act or an elected officer of an employee organization.

JURISDICTION OF COURTS

SEC. 14. The district courts of the United States shall have original jurisdiction, concurrent with the Court of Claims, of any civil action or claim against the United States founded upon this Act.

EFFECTIVE DATE

SEC. 15. The provisions of this Act relating to the enrollment of employees and annuitants in health benefits plans and the withholding and payment of contributions shall take effect on the first day of the first pay period which begins on or after July 1, 1960.

Mr. JOHNSTON of South Carolina. Mr. President, I send to the desk my motion that the Senate agree to the amendment of the House with two amendments of the Senate. These two amendments are amendments which the Senate, practically word for word, agreed to when we had the bill before us. I understand there is a possibility that the House will agree to them. If the House does agree to them, that will save the necessity of having a conference on the health bill.

The PRESIDING OFFICER. The motion of the Senator from South Carolina will be stated.

The LEGISLATIVE CLERK, Mr. JOHNSTON of South Carolina makes the following motion:

I move that the Senate agree to the House amendment to S. 2162, the Federal Employees Health Benefits Act of 1959 with the following amendments:

(1) In lieu of subsection (a) of section 7 of the House amendment insert the following:

"(a) (1) Except as provided in paragraph (2) of this subsection, the Government contribution for health benefits for employees or annuitants enrolled in health benefits

plans under this Act, in addition to the contributions required by paragraph (3), shall be 50 per centum of the lowest rates charged by a carrier for a level of benefits offered by a plan under paragraph (1) or paragraph (2) of section 4, but (A) not less than \$1.25 or more than \$1.75 biweekly for an employee or annuitant who is enrolled for self alone, (B) not less than \$3 or more than \$4.25 biweekly for an employee or annuitant who is enrolled for self and family (other than as provided in clause (C) of this paragraph), and (C) not less than \$1.75 or more than \$2.50 biweekly for a female employee or annuitant enrolled for self and family including a nondependent husband.

"(2) For an employee or annuitant enrolled in a plan described under section 4 (3) or (4) for which the biweekly subscription charge is less than \$2.50 for an employee or annuitant enrolled for self alone or \$6 for an employee or annuitant enrolled for self and family, the contribution of the Government shall be 50 per centum of such subscription charge, except that if a non-dependent husband is a member of the family of a female employee or annuitant who is enrolled for herself and family the contribution of the Government shall be 30 per centum of such subscription charge.

"(3) There shall be withheld from the salary of each enrolled employee and the annuity of each enrolled annuitant, and there shall be contributed by the Government, amounts (in the same ratio as the contributions of such employee or annuitant and the Government under paragraphs (1) and (2)) which are necessary for the administrative costs and the reserves provided for by section 8(b).

section 8(b).

"(4) There shall be withheld from the salary of each enrolled employee or annuity of each enrolled annuitant so much as is necessary, after deducting the contribution of the Government, to pay the total charge for his enrollment. The amount withheld from the annuity of an annuitant shall be equal to the amount withheld from the salary of

same plan providing the same health benefits."

(2) After section 13 of the House amendment insert a new section 14 as follows and renumber sections 14 and 15 as 15 and 16, respectively:

an employee when both are enrolled in the

"Sec. 14. (a) The Chairman of the Commission is authorized to appoint in grade 18 of the General Schedule of the Classification Act of 1949, as amended, an officer who shall have such functions and duties with respect to retirement, life insurance, and health benefits programs as the Commission shall prescribe. Such positions shall be in addition to the number of positions otherwise authorized by law to be placed in such grade.

"(b) The rate of basic compensation of the Executive Director of the United States Civil Service Commission shall be \$19,000 per annum."

Mr. JOHNSTON of South Carolina. Mr. President, on July 16, 1959, the Senate, by a vote of 81 to 4, passed S. 2162, the Federal Employees' Health Benefits Act. The bill, which passed the Senate on that date, was the product of over 10 years' legislative effort. The first bill to provide a health benefits program for Federal employees was introduced in 1947. Efforts to obtain legislation failed time after time because of deep-rooted disagreements between and among insurance companies, Blue Cross-Blue Shield, those providing medical services and hospital facilities, and even employee groups themselves.

In the light of this background, it gave me a great deal of satisfaction to be able to bring to the Senate a bill upon which there was general agreement by all concerned, with one exception.

The sole objector was the administration, which opposed the bill primarily on the basis of its cost. Certain self-appointed spokesmen for the administration raised a great smokescreen of opposition, but underneath it all was the matter of cost.

This widespread and general agreement on the Senate bill did not just happen. It was the result of long, hard, in-

telligent, and dedicated work.

The Subcommittee on Health Insurance of the Senate Committee on Post Office and Civil Service held many long days of hearings. The committee staff met day after day with representatives of industry and employee groups. Problem after problem was worked out and difference of views reconciled. Finally, out of all this effort, there emerged a bill which merited the support of all concerned.

I think it fair to say that except for this great effort in the Senate we would not today stand on the verge of seeing enacted a health benefits program for Federal employees. The administration tried and failed over a 5-year period to reconcile the many differences that existed. When the Senate took hold of the matter this year, the prospects of success did not seem bright. But today we are only hours away from seeing enacted into law a progressive health benefits bill for our Federal workers and their families.

When the Senate bill was received in the House, extensive hearings were held by that body. A great amount of favorable testimony was heard. Again the only opposition to the bill was that voiced by the administration. Again the

opposition as based on cost.

•The House bowed to the position of the administration and reduced benefits under the bill by some 30 to 35 percent. In other words, the cost of benefits to be provided by the bill was reduced from slightly over \$300 million a year to some \$214 million a year. Fortunately, however, the basic principles of the Senate bill were retained, and with adoption of the amendments I have offered, the bill will be a good one.

Mr. President, there are some things that have occurred in connection with this measure that I regret. First of all, there has been an unusual amount of lobbying by some persons within the administration. The unusual interest and the unusual steps taken by them have been of some concern to me.

For this reason I wish to make it known that I propose to watch the administration of this measure very, very

cerefully.

Secondly, I regret that when the bill was under consideration in the House, some Members of the House referred to the Senate measure in derogatory and slighting terms. It was referred to as being misleading, false, and confusing. For example, the ranking minority member on the committee stated:

We have had ample evidence that Government employees and the general public were being completely misled as to the

scope and nature of benefits to be provided under this bill. The proposed committee amendment now before the House removes any possibility of misinterpretation.

Frankly, I think this and similar statements were ill advised. I think it regrettable that measures of this kind be discussed in such terms.

Mr. President, the amendments I have offered are designed to clarify the bill in several respects and restore to the bill a previously approved Senate provision in a slightly different version in still another respect. The first amendment clarifies the bill to make clear that the price figures established in the bill by the House apply to the purchase of health benefits and do not include auxiliary costs such as those for reserves and administrative expenses.

The second amendment is designed to make clear that both Government and employees will share these auxiliary costs in addition to sharing the cost of the health benefits purchased.

The third amendment makes provision for a Director of Retirement and Insurance. The committee expressed the belief that there shall be consolidated organizationally all of the Commission's responsibilities in the related fields of retirement and life insurance, as well as health benefits, and we have been assured that the Commission contemplates taking such a step.

In order to insure that the Civil Service Commission will be able to obtain the necessary high caliber of person to administer these programs, the legislation makes provision for a grade 18 position which is earmarked for this function.

The committee is also of the belief that the salary of the Executive Director of the Commission should be changed adequately to reflect the nature of that position. The amendment sets this salary at \$19,000 per annum.

Mr. President, the list of those who have contributed greatly to this measure is long. I would like to express my gratitude particularly to the distinguished junior Senator from Oregon [Mr. NEU-BERGER], who served as Chairman of the Insurance Subcommittee, and to the other members of that committee, Senators Yarborough, Jordan, Carlson, and Morton, all of whom devoted much time and thought to working out a satisfactory bill. In all my service in the Senate, I have never known a group to work harder and with greater dedication to duty than did this subcommittee. They deserve the commendation of every Federal employee for their fine work in connection with this bill.

The committee was fortunate indeed to receive a great deal of expert technical advice and assistance from outstanding leaders in the field of health programs. Particularly helpful was Mr. J. Douglas Colman, vice president of the Blue Cross Association. I do not know what the committee would have done without his able advice and assistance. I wish to express my personal appreciation to him and to all who contributed to the preparation and enactment of this fine measure. I am confident our over

2 million Federal employees and their families will always be grateful.

Mr. CARLSON. Mr. President, I wish to say that following the passage of this bill through the Senate, and the bill was passed by the House and amended by the House, I have been willing to accept the House amendments to the bill in the hope we would get early action, because this is a piece of legislation which is important to the Federal civil workers of this Nation.

Since that time our chairman has worked out two amendments, which I understand are at the desk, and which I hope we accept at the present time. I shall not oppose those amendments because I think, as they have been written, the Bureau of the Budget, the chairman of the Civil Service Commission, and the House will accept them and that this bill will be enacted into law.

I had prepared a statement I expected to use urging action without sending the bill back for concurrence, because I realize at this late stage in a legislative session one objection can send the bill to the Rules Committee and, following past history, the Rules Committee may not act as hastily as we would like them to.

I am willing to take a chance today, and I support the amendments the Committee chairman has submitted, and urge the House to accept them.

I ask to insert in the RECORD as part of my remarks a statement I expected to make in respect to the bill as it came over ot this body from the House.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

STATEMENT BY SENATOR CARLSON

On July 16, a little more than a month ago, the Senate passed S. 2162 which would provide health insurance for Federal employees with a landslide majority of 81 to 4. Since then the appropriate committee, of the other body has held extensive hearings, has modified the bill in certain respects, and on August 18 reported it unanimously to the House. Just a few days ago the bill, as modified, was passed by the other body with a majority comparable to that it received in the Senate.

I know of no legislative measure in this Congress of so much importance to so many people that has had the overwhelming approval this bill has received in both bodies. The legislation as referred to us now has the whole-hearted endorsement and enthusiastic support of all of the employee organizations and is acceptable to the Civil Service Commission and the administration generally. The organizations which would serve as carriers under the bill have expressed their belief that it provides the basis for a workable program and that they are in accord with it.

I have pointed out that the bill has been modified in certain respects since it passed the Senate. The most numerous changes have been language changes of a technical and clarifying nature; these have no effect on the substance of the bill but will serve to avoid inequities to employees and unnecessary complexity of administration.

A few changes have been made in the substance of S. 2162 as it passed the Senate, but with one exception these will merely serve to fix responsibility more clearly on the Civil Service Commission as the agency which will have responsibility for administration of the health benefits program. These changes will have no adverse effect on the benefits to be provided in the bill as they affect the vast body of Federal employees and

their dependents. Commencing July 1, 1960, some 2 million employees and an additional 3 million dependents will be eligible to join in any of the several health benefits plans provided in the bill with the Government paying half the cost.

S. 2162 as it passed the other body, however, is notable for its similarity to S. 2162 as it passed the Senate rather than for its differences. The basic structure of the health benefits program it would provide is the

Both bills provided for recognition of and free choice among the three major kinds of health benefits plans which exist in America today: a "service" plan, of the Blue Cross-Blue Shield variety, an indemnity plan such as is provided by insurance companies, and group-practice prepayment plans in areas where these are available.

S. 2162 as it comes to us now provides also for Individual-practice prepayment plans like that of Group Health Insurance in New York City, which was mentioned in the debate on July 16 by my distinguished colleague, the

senior Senator from New York.

S. 2162 as it passed the Senate provided for participation in the program by certain existing employee organization group health insurance plans. As the measure comes to us now, this group of employee organizations has been somewhat expanded to take in certain other organizations which are either nationwide in scope or which take in all employees of a department or agency.

Most important of all, from the viewpoint of employees, the section of the bill having to do with contributions by employees and by the Government has been considerably strengthened since it left the Senate. As passed by the Senate, lt provided certain maximum dollar contributions. It did not

provide for minimums.

The bill, as passed by the other body, retains the same dollar maximums that are in the Senate-passed bill. However, the bill has been modified so that It also provides for minimums, set at about 70 percent of the maximums. Thus the Clvll Service Commission, in making contracts or approving existing plans, can set the contribution rate of the Government at any figure in the 30-percent range between minimum and maximum, but cannot go below the minimum unless the total subscription charge of the particular plan is so low that a Government contribution of the minimum figure would amount to more then 50 percent. In such a case the Government would contribute such lesser amount as constituted exactly 50 percent of the subscription charge.

This change constitutes a substantial improvement from the vlewpoint of employees, since, as the bill left the Senate, there were no minimum dollar figures and the Civil Service Commission could conceivably have written contracts providing for Gov-ernment contributions of less than these

minimums.

The bill before us now has an additional built-in protection for employees—as the cost of hospital and medical care rises and subscription rates also have to be increased, the bill provides that this increase will be shared by employees and the Government in the same proportion as they shared the contributions before the increase.

The very real and very difficult accomplishment of drawing all interested parties into agreement on the bill, which was achieved under the leadership of my distlnguished colleagues the senior Senator from South Carolina and the junior Senator from Oregon, was recognized during debate in the other Chamber by Representa-

tive Morrison. He said, in part:
"I must say that I sincerely admire the chairman and members of the Post Office and Civil Service Committee of the other body for their ability to formulate a leg-

islative measure with which all parties are in accord.

One of the Members in his statement on the floor of the other Chamber had this to

say:
"The bill, S. 2162, as it came to us from the other body is a tribute to the members of the committee which drafted it. The committee in the other body had only a few short weeks to cope with the problems I have mentioned. That committee solved practically all of the technical complexitles which confronted it and reconciled the conflicting views of the different partles in

"Aside from some perfecting changes which I am sure the committee in the other body would have made had time permitted, the bill now being considered here is substantially the same one as was enacted by the other body."

Mr. NEUBERGER. Mr. President, I likewise am going to place in the RECORD a statement which I had intended to make on the floor of the Senate. I do, however, wish to point out several facts very briefly.

I believe it is a historic moment when the Senate completes action on the first comprehensive program ever enacted by the Federal Government for the protection of the health of its employees, during the nearly two centuries that this country has been in existence. I think that this is a bill which will provide the lantern by which many segments of private industry can be guided in likewise setting up voluntary and effective programs in the field of health insurance for their own employees,

I am pleased that there are on the floor of the Senate now Members who have taken the lead in this respect. In my estimation this bill would not have become law without the cooperation and leadership of the Senator from South Carolina [Mr. Johnston], who is the able chairman of our full Committee on Post Office and Civil Service, nor could the measure have been law without a humanitarian and kindly ranking minority member whom we have in the Senator from Kansas [Mr. Carlson].

In addition, there are on the floor of the Senate two Senators who have always taken great pride in the legislation which they have helped to sponsor in the general field of health, and I refer to the Senator from Alabama [Mr. HILL] and the Senator from Washington [Mr. Magnuson]. I believe it is appropriate that they should be here at this time.

The Federal Government has lagged behind certain enlightened segments of private industry for many years in setting up a program whereby employees, voluntarily and of their own choosing, could somehow buttress themselves against the agonizing financial burden which every family faces when it confronts a major illness. And, let me say, no family knows when, tomorrow or this afternoon, it may encounter that terrible crisis.

Mr. President, I believe we have made a great start. This bill is not without imperfections, and it will be improved as time goes along. It is a bill which must be tested through trial and error, just as our own Federal Constitution was improved through trial and error

while it has been amended many times as this country has developed and progressed along the high road of history.

I believe, and I emphasize this, that every Federal employee and every family of a Federal employee, and every citizen whose life is touched by contacts with the Federal Government, will benefit by this bill. It is a beacon.

I ask unanimous consent that the statement which I prepared for delivery on the floor of the Senate be included in full in the Congressional Record.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

STATEMENT BY SENATOR RICHARD L. NEUBERGER

Mr. President, as chairman of the Health Insurance Subcommittee of the Senate Post Office and Civil Service Committee, I rise in support of the motion made by the distinguished chairman of our full committee Mr. JOHNSTON. These amendments will partially restore S. 2162, the Federal Employees Health Benefits Act of 1959, to the way it passed the Senate on July 16.

Our Senate passed bill provides modest but complete package of health benefits with the cost to be shared on a 50-50 basis between the Government and the employee. The estimated cost for our plan was

\$305 million for the first year.

The bill, as amended and passed in the House, reduced the cost of the health benefits program by almost one-third to \$215 million for the first year. This was done at the request and insistence of the administratlon, the U.S. Civil Service Commission, and the Bureau of the Budget. The House passed bill no longer continues the 50-50 sharing of costs for an adequate package of health benefits. A minimum, but lnadequate, package of health benefits would be available on the 50-50 sharing basis with the employee expected to obtain additional benefits entirely at his own expense so that he might have adequate health coverate.

The House passed bill, which basically we accept, is a partial step in the right direction, but it is only a partial step and at some future date, the program must be enlarged, so that it will meet standards already provided by enlightened private industry.

Specifically, the amendments which we are presenting would insure that the 3-percent reserve fund and the 1-percent administrative cost would be shared on a 50-50 basis by the Government and the employee, rather than borne entirely by the employee. The specified minimum contribution of the Government and the employee would be used entirely for the payment of health benefits, and administrative and reserve costs would be in addition to the minimum specified in the House passed bill. Thus, health benefits could be increased 4 percent by the amendment. The second amendment would insure a guaranteed minimum contribution by the Federal Government. The House passed version is not clear with regard to this, even though I am sure that their Intention was to guarantee such minimum contribution. last amendment would direct the Clvil Service Commission to set up a Bureau of Retire ment and Insurance to handle the health and insurance programs of the Federal Government. This provision was contained in the bill when it passed the Senate. A provision is also made for a modest increase in the salary of the hard-working Executive Director of the Civil Service Commission.

Mr. President, the health benefits bill will soon be on its way to the White House. This legislation represents the culmination of many years of effort and a great deal of hard work by many persons. As chairman of the subcommittee, which developed this legislation, and held extended hearings, I would like to pay tribute to the distinguished chairman of the full committee, Mr. JOHNSTON, and to all the hard-working members of our subcommittee, the junior Senator from Texas, Mr. YARBOROUGH; the junior Senator from North Carolina, Mr. Jordan; the junior Senator from Kansas, Mr. Carlson; and the junior Senator from Kentucky, Mr. Morton. I also wish to thank the diligent members of the committee staff, who spent many hours in conference and in drafting the many fine details of this legislation. We have had the able assistance and cooperation of Government employee leaders, representatives of health carriers, and staff members of the Civil Service Commission.

Mr. President, this bill does not provide coverage for the presently retired career Federal civil servant or those who retire prior to June 30, 1960. On August 21 I intro-duced legislation to cover these devoted career retirees. I am pleased to report that our subcommittee expects to report our bill to the full committee next week and I hope that Senate passage of this legislation might be possible this year, so that health coverage for the presently retired can start on July 1, 1960, the same date that coverage will start for active employees and those who retire

after June 30, 1960.

Mr. MONRONEY subsequently said: Mr. President, I desire to pay tribute to the outstanding work which was done in perfecting the bill to provide health insurance for all Federal employees. passage of the bill today is a great tribute to the careful consideration which was given to the bill by the Subcommittee on Civil Service of the Committee on Post Office and Civil Service, under the chairmanship of the distinguished junior Senator from Oregon [Mr, Neuberger]. He and his subcommittee devoted many months of work to this very complex problem before reporting the bill to the full Committee on Post Office and Civil Service. I believe the bill will furnish lasting benefits to all the hundreds of thousands of Federal employees.

I pay tribute not only to the distinguished Senator from Oregon, but also to the chairman of the full committee, the distinguished Senator from South Carolina [Mr. Johnston] and to the ranking minority member, the distinguished senior Senator from Kansas [Mr. CARL-

son].

The bill is indeed landmark legisla-I believe it will prove to be acceptable to the employees of the Federal Government, because it gives them as genuine a sense of security against ailments, diseases, and illnesses as anything which Congress has provided in a decade.

Mr. President, I ask unanimous consent that my remarks may be printed following the remarks of the distinguished Senator from Oregon [Mr. Neuberger] when he spoke on the passage of the bill earlier today.

The PRESIDING OFFICER. Without objection, it is so ordered.

The question is on agreeing to the motion of the Senator from South Caro-

The motion was agreed to.

STUDIES OF THE EFFECTS OF CER-TAIN INSECTICIDES UPON FISH AND WILDLIFE

Mr. President, I MAGNUSON. ask the Chair to lay before the Senate

the amendment of the House of Representatives to Senate bill 1575.

The PRESIDING OFFICER laid before the Senate the amendment of the House of Representatives to the bill (S. 1575) to amend the act of August 1, 1958. to authorize and direct the Secretary of the Interior to undertake continuing studies of the effects of insecticides, herbicides, fungicides, and other pesticides, upon fish and wildlife for the purpose of preventing losses of those invaluable natural resources, and for other purposes, which was, to strike out all after the enacting clause and insert:

That section 2 of the Act of August 1, 1958, providing for continuing studies of the effects of insecticides, herbicides, fungicides, and other pesticides, upon fish and wildlife for the purpose of preventing losses of those invaluable natural resources and for other purposes is amended to read as follows:

"Sec. 2. The sum of \$2,565,000 per annum is hereby authorized to be appropriated to carry out the objectives of this Act."

Mr. MAGNUSON. Mr. President, the bill authorized the appropriation of such sums as might be necessary to carry out he purposes of the act, which authorized and directed the Secretary of the Interior to undertake continuing studies of the effects of insecticides, herbicides, fungicides, and other pesticides, upon fish and wildlife for the purpose of preventing losses of those invaluable natural resources. The Hoyse amended the bill by placing a limit on the authorization

Mr. President, I move that the Senate concur in the House amendment.

The PRESIDING OFFICER. The

question is on agreeing to the motion of the Senator from Washington. The motion was agreed to.

ELIGIBILITY OF ALASKA AND HA-WAII FOR PARTICIPATION IN DIS-TRIBUTION OF DISCRETIONARY FUNDS UNDER FEDERAL AIRPORT

Mr. MAGNUSON. Mr. President, ask the Presiding Officer to lay before the Senate a message from the House on the bill, S. 2208, to provide that Alaska and Hawaii be eligible for participation in the distribution of discretionary funds under section 6(b) of the Federal Airport Act.

The PRESIDING OFFICER laid before the Senate the amendment of the House of Representatives to the bill (S. 2208) to provide that Alaska and Hawaii be eligible for participation in the distribution of discretionary funds under section 6(b) of the Federal Airport Act, which was, to strike out all after the enacting clause and insert:

That paragraph (2) of section 6(b) of the Federal Airport Act (49 U.S.C., sec. 1105(b) (2)) is amended to read as follows:

"(2) Such discretionary fund shall be

"(2) Such discretionary fund shall be available for such approved projects in the several States, Alaska, and Hawaii as the Administrator may deem most appropriate for carrying out the national airport plan, regardless of the location of such projects. The Administrator shall give consideration, in determining the projects for which such fund is to be so used, to the existing airport

facilities in the several States, Alaska, and Hawaii, and to the need for or lack of development of airport facilities in the several States, Alaska, and Hawaii."

Mr. MAGNUSON. Mr. President, the Mr. MAGNUSON. Mr. President, the amendment of the House is a technical amendment and is proposed solely for the purpose of conforming the proposed legislation to the style of existing law. It makes no substantive change in the language of the bill as passed by the Senate.

I move that the Senate concur in the

House amendment.

The PRESIDING OFFICER. question is on agreeing to the motion of the Senator from Washington.

The motion was agreed to.

RAILROAD TRACK MOTORCAR SAFETY LEGISLATION

Mr. MAGNUSON. Mr. President, I sk unanimous consent to have printed in the RECORD a statement regarding H.R. 2487 and S. 1425, the railroad track motorcar safety bills.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

STATEMENT BY SENATOR MAGNUSON

There has come to my attention evidence of what seems to be an unusual campaign by railroad management to get railroad employees into signing management-prepared telegrams and other statements to their Senators and Representatives in Congress urging them to oppose H.R. 2487 and S. 1425, the railroad track motorcar safety bills sponsored by Chairman OREN HARRIS, of the House Interstate and Foreign Commerce Committee, and by myself and 18 other Senators of both parties.

This legislation would give the Interstate Commerce Commission authority which it now lacks to establish rules and regulations for the safe operation of railroad track motorcars or other self-propelled equipment used as vehicles for travel by railroad employees and also for transportation material used in the maintenance and installation of track signals. The death and injury rate to railroad workers using this kind of equipment has been rising steadily and, in my view, has reached serious proportions. I cannot agree with management's claim that such regulation of the use of these cars to prevent such accidents, with their mounting loss of property and losses to the railroads, as well as the needless deaths and mainings of railroad workers, would be an undue burden upon then because it would complicate their

workers, would be an undue burden upon their because it would complicate their operations—we would not pass such a law—hearing are now being held.

Nevertheless, I recognize railroad management's right to express such a view, which they have had every opportunity to do at the hearings before the Senate Surface Transportation Subcommittee. While I recognize and respect this right, however, I can only regard as a matter of grave concern to every Member of this Congress, the present effort by some to create the appearance that railroad workers themselves oppose this legislation by forcing them to send management-prepared communications to Congress in the manner it has been done. Let me cite to you some specific documented examples which reveal the nature of this campaign to defeat this legislation which I think is needed to protect the lives and well-being of railroad workers to some degree by giving the ICC authority to make reasonable safety regulations only—not new jobs. ulations only—not new jobs.

First, I want to place in the RECORD at this time a copy of a message teletyped by E.L. Mullennix, the roadmaster who hires and

the employees to whom his message is addressed. It reads as follows:

ATCHISON, July 30, 1959.

All Section Foremen Effingham to Concordia: Each of you wire your U.S. Senator with the wire to read as follows: "Refer to Senate bill 1425: Missouri Pacific Railroad has progressively improved the safety and operation of motorcars until they now have adequate of motorcars until they now have adequate protection. Urge you to vote against this bill." Wire your Senator the message above in a.m. July 31, and send it Western Union. Pay for your Western Union and I will refund your money. Send Mr. C. L. Christy a copy of the Western Union inessage.

This message speaks for itself. There is no request made here, nor no explanation of the issues involved. It seems to be simply an order to all the foremen under him to send a specific wire to their Senator, to pay for it out of their own pockets and then get a refund.

As my next example, I have ln my possession a copy of a letter from an official of one of the railway brotherhoods. This letter, dated August 5, 1959, reads in part as follows:

lows:

"I am sorry to advise you of what happened yesterday. I went in my roadmaster's office as usual. He had received a stack of telegrams all filled out. He handed them to me, asked me to read and sign one. After reading one I gave them back and told him I could not sign it.

"It was in regard to Senator Magnuson's bill, S. 1425, to amend the Interstate Commerce Act to provide protection for rallroad employees by regulating the use of track motorcars and other self-propelled equip-

ment.

My roadmaster went north on motorcar, his driver told me every man signed one of the telegrams. They were told that if the bill passed the company would have to put a conductor on every motorcar.

"Another roadmaster went south out of here. From what I can learn all of his fore-mans signed one. The message stated that we had sufficient motorcar protection.

This occurred on a railroad operating in the State of the cosponsor of this measure in the House. I am confident that Chairman HARRIS is not going to be intimated or mls-led by this, but since many other of the Members of the Senate and House no doubt have received telegrams produced in this way. I want the Congress to be fully aware of the nature of their origin so that they may be appraised accordingly.

As my final exhibit at this time I include here the text of a letter signed by two road masters and one B. & B. supervisor and agdressed to all foremen under their sup vision on the Union Pacific Railroad. This letter, also couched in the form or an order, reads as follows:

HINKLE, August 12, 1959.

To All Foreman:

Received the following mailgram from Mr. R. E. Haacke:

"There is now pending in Congress, Senate bill S. 1425, which would require all track motorcars to be operated by train orders under the jurisdiction of and in accordance with rules established by the Interstate Commerce Commission.

"All of us who are familiar with motor-car operations can readily see the tremen-dous complications involved in attempting to operate motorcars under positive train orders. In effect, this would make it very impractical or almost impossible to get from one point to the other on a motorcar as all of our gangs would be spending more of their time getting train orders and getting to and from points of work under these train orders than they would in actual performance of their work.

"The practical effect would probably be that we would have to discontinue the operation of all or most section gangs as they now exist and perform our track maintenance work with roving extra gangs, such as some other railroads are already doing. "If this Senate bill 1425 is passed, we

should bear in mlnd that none of our motor car operators are presently qualified to take train orders, as would be necessary for them to do at outlying points under the requirements of this legislation. It is doubtful whether very many of our motorcar operators could pass the necessary examination on operating rules to permit them to copy train orders. As a result many of them would no doubt be disqualified if they could not pass this examination on the operating rules."

I am sure that each of you realize just what effect passage of this legislation would have on your jobs. I feel, therefore, that this matter should be brought to the attention of the men under your supervision so they can write to their Senators and Congressmen expressing opposition to Senate bill S. 1425.

Want each of you to discuss this matter with your men and urge them to write letters

opposing passage of this bill.

W. H. Coscrove.

O. E. RAYBURN. C. M. WISEMILLER.

(The bill does not contemplate "train orders" as such. It prescribes that the CC make reasonable rules. If it does it can be changed after hearings to emphasize only the safety measures.)

The pocket list of railroad officials shows that Mr. R. E. Haacke is resident engineer of the Union Parioc Pailroad at Portland Over

that Mr. R. E. Haacke is resident engineer of the Union Pacific Railroad at Portland, Oreg. Remembering that all of these officials have the power to hire and fire their subordinates, the reference to loss of jobs if S. 1425 should become law clearly has some overtones here and, I am informed, has caused real concern among rallroad employees on this division. The question may naturally arise in the minds of many of you after aetting telegrams of this kind as to whether or not the railroad workers really want this legislation. While on the surface it should be apparent that they would favor any step to cut down the horrible and steadily increasing loss of life and injuries which they are sustaining because of the present lack of such protection I want the record to be absolutely clear on this point. Here is the text of a statement I have been authorized to inselt on behalf of all of the 23 standard railway behalf of all of the 23 standard railway labor organizations affiliated with the Rail-

way Labor Executives' Association:
"Railroad labor is strongly supporting
S. 1425 and H.R. 2487 to give the Interstate Commerce Commission authority to establish rules and regulations for the safe operatlon of track motorcars and other selfpropelled equipment. This legislation needed promptly to check the alarming rise in the death and injury rate to railroad workers using this type of equipment. We

urge its immediate enactment.

"A. E. Lyon,

"Executive Secretary, "Railway Labor Executives' Association."

ADVISORY COMMISSION ON INTER-GOVERNMENTAL RELATIONS

The Senate resumed the consideration of the bill (S. 2026) to establish an Advisory Commission on Intergovernmental Relations.

Mr. JOHNSON of Texas. Mr. President, what is the pending business?

The PRESIDING OFFICER. The bill before the Senate is S. 2026, to establish an Advisory Commission on Intergovernmental Relations.

Mr. JOHNSON of Texas. Mr. President, I yield the floor, so that the Sex ator from Maine may make a statement.

The PRESIDING OFFICER. Senator from Maine is recognized.

Mr. MUSKIE. Mr. President, H.R. 6904 is on the calendar, as Calendar No.

The bill is designed to establish an Advisory Commission on Intergovernmental Relations. This proposed legislation is the culmination of a long history of efforts to study, evaluate, and improve the relationships among the various levels of government in our system.

The basic concept of the bill is that the Government of the United States operates under one system, functioning on three levels, and that the interrelationships of these three levels are of such importance to the effective functioning of the system as to justify and to require continuing attention by an agency representative of all three levels of govermment.

Mr. President, I will briefly describe the purposes of the Commission and its organization. The Commission would

have seven basic purposes:

First. To bring together representatives of the Federal, State, and local governments for the consideration of common problems.

Second. To provide a forum for discussing the administration and coordination of Federal grant and other programs requiring intergovernmental cooperation

Third. To give critical attention to the conditions and controls involved in the administration of Federal grant programs.

Fourth. To make available technical assistance to the executive and legislative branches of the Federal Government in the review of proposed legislation to determine its overall effect on the Federal system.

Fifth. To encourage discussion and study at an early stage of emerging public problems that are likely to require intergovernmental cooperation.

Sixth. To recommend, within the Namework of the Constitution, the most derirable allocation of governmental functions, responsibilities, and revenues among the several levels of government.

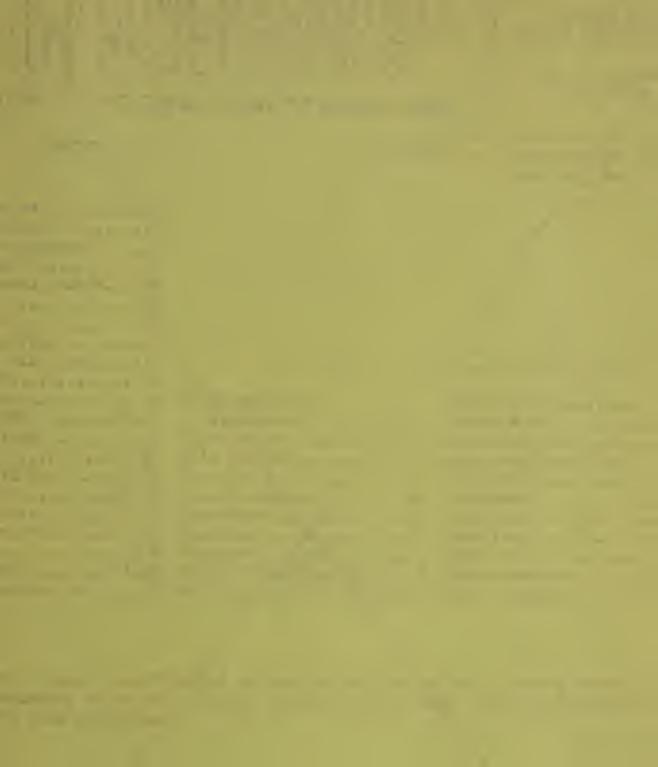
Seventh. To recommend methods of coordinating and simplifying tax laws and administrative practices to achieve and administrative practices to achieve a more orderly and less competitive fiscal relationship between the levels of government and to reduce the burden of compliance for expayers.

The Commission which would be created by the proposed legislation would be intergovernmental in its makeup. It would consist of 27 members, to be appointed as follows:

pointed as follows:

Six to be appointed by the President of the United States, three of whom shall be officers of the executive branch of the Government, and three private citizens, all of whom shall have had experience or familiarity with relations between the levels of government.

Three to be appointed by the President of the Senate, who shall be Members the Senate.





Digest of CONGRESSIONAL PROCEEDINGS

INTEREST TO THE DEPARTMENT OF AGRICULTURE

OFFICE OF BUDGET AND FINANCE

(For Department Staff Only)

Issued September 18, 1959 CONTENTS For actions of September 14, 1959 86th-1st, No. 163 Air pollution.... Appropriations......10 Area redevelopment.....7 Buy American.....34 Congressional action. . . 26 Education...... Egg prices......N Electrification......31 Executive privilege....17 hrm labor..........16 Labor-management Public works..... Farm program.....11,30 Puerto Rico.....35 Legislative program.9 Fiscal policy......5 Recreation.....15 Life insurance....2 Regulatory agencies....27 Foreign affairs.....24 Minerals......19 Nutual security.10 Retirement..... Oleomargarine.25 Science.....2 Health insurance.....1 Peanuts.... Taxation..... Personnel..........1 Trade fairs......20 Plant research.......18 Transportation......22 Water resources.....13,29 Interest rates......23 Power.

HIGHLIGHTS: Senate passed mutual security appropriation bill. House agreed to enate amendments to employee health insurance bill. Sen. McCarthy criticized Secretary's farm policies.

HOUSE

1. PERSONNEL. Concurred in the Senate amendments to S. 2162, to provide a health benefits program for Federal employees. This bill will now be sent to the

President. pp. 17993-4

Passed without amendment H. R. 8289, to accelerate the commending date of civil service retirement annuities. (pp. 17994-5). The bill provides that each civil service retirement annuity shall commence on the first day following the employee's separation from the service if immediate benefits are payable or, in the case of deferred benefits payable upon attainment of a certain age, the first day after the employee attains the prescribed age. Survivor benefits will begin the day after the death of the employee or annuitant on whose service the survivor benefits are based.

2. RESEARCH; SCIENCE. Concurred in the Senate amendments to H. R. 6059, to provide additional civilian employees for the Defense Department for purposes of

scientific research and development, and to liberalize the Federal Employees Group Life Insurance Act. (pp. 17992-3) This bill will now be sent to President.

- 3. AIR POLLUTION. Both Houses received and agreed to the conference report of H. R. 7476, to extend for two additional years the authority of the Surgeon General of the Public Health Service with respect to air pollution control (H. Rept. 1187) (pp. 17866-7, 17995-6). This bill will now be sent to President
- 4. TAXATION. Passed without amendment S. 2282, to prohibit acceptance by the Federal Government of compensation from any State for services rendered in connection with the withholding of income taxes from employees salaries. (p. 18003) This bill will now be sent to the President.
- 5. FISCAL POLICY. Rep. Nills criticized the administration's monetary and fiscal policies and inserted tables showing cash surpluses and/or deficits during the years 1946 through 1958. pp. 17991-2
- 6. IMPORTS. Rep. Gross discussed the matter of competition of low-priced foreign imports with American labor and industry/called for stopping "those foreign aid appropriations and other devices that provide the incentive for American industry to move to foreign countries." pp. 17997
- 7. AREA REDEVELOFMENT. Rep. Slack expressed regret that legislation to aid depressed areas has not been enacted this session and expressed the hope that it will be considered the first and most important order of business in January. pp. 17997-8
- 8. POWER. Rep. Thomson spoke in favor of the partnership proposal for the Trinity power facilities. pp. 18003-4
- 9. LEGISLATIVE PROGRAM. The remaining proceedings of the House and Schate : ... For Sept. 14 will be continued in the next issue of the Congressional Record. pp. 18020

SENATE

10. MUTUAL SECURITY APPROPRIATION BILL FOR 1960. Passed, 64 to 25, with amendments this bill, H. R. 8385 (pp. 17857-66, 17868-96, 17909 13, 17914-40, 17962-77, 17981-3, 18024-38). House and Senate conferees were appointed. (pp. 18038, 18020). (See Digests 159 and 162 for Senate committee amendments and floor amendments to the bill.)

Sen. Cooper offered and later withdrew his amendment to establish an Interagency Committee on Underdeveloped Regions in the United States, including representation from this Department. He stated that he wanted to bring his proposal to the attention of the executive branch and that he planted to offer it in bill form next session (p. 18037). Virtually all of the debate except Sen. Cooper's remarks dealt with the amendment to extend the life of the Civil Rights Commission.

11. FARM PROGRAM; EGG PRICES. Sen. McCarthy stated that "as Mr. Benson has gotten more and more of what he sought, the condition of the farm economy has become warse," and that the 7th year of this Administration "will mark the lowest level of farm prices in 20 years." He stated that egg producers were now experiencing a "crisis," and that this Department has been "negligent" if an article contending that several New York traders pretty well set egg prices is accurate. pp. 17897-9

that any insurance thereunder on any employee shall cease upon his separation from service or twelve months after disconthe service of twelve months after discontinuance of his salary payments, whichever first occurs, subject to a provision which shall be contained in the policy for temporary extension of coverage and for conversion to an individual policy of life insurance under conditions approved by the Commission mission.

would otherwise cease the employee retires on an immediate annuity and (1) his retirement is for diability or (2) he has comtirement is for disability or (2) he has completed twelve years of creditable service, as determined by the commission, his life insurance only may, under conditions determined by the Commission, be continued without cost to him, but the amount of such insurance shall be reduced by 2 per centum thereof at the end of each full calendar month following the date the employee attains age sixty-five or retires, whichever is later, subject to minimum amounts prescribed by the Commission, but not less than 25 per centum of the insurance in force preceding the first such reduction. Periods of honorable active service in the Army, Navy, preceding the first such reduction.
of honorable active service in the Army Air Force, Marine Corps, or Coast Guard of the United States shall be credited toward the required twelve years provided the employee has completed at least five years of civilian service.

"'(c) If upon such date as the insurance would otherwise cease the employee is receiving benefits under the Federal Employees' Compensation Act because of disease or injury to himself, his life insurance may, as provided in subsection (b), be continued during the period he is in receipt of such benefits and held by the United States Department of Labor to be unable to return to

"(e) The amendments made by subsections (a), (b), and (c) shall take effect as of August 17, 1954, except that (1) they shall not be applicable in any case in which the employee's death or retirement occurred prior to the date of enactment of this Act, and (2) nothing therein shall be construed to require salary withholdings for any period prior to the first day of the first pay period which begins after the date of enactment of

The SPEAKER. Is there objection to the request of the gentleman from Georgia?

There was no objection.

The Senate amendments were concurred in.

A motion to reconsider was laid on the

GOVERNMENT EMPLOYEE'S HEALTH BENEFITS PROGRAM

Mr. DAVIS of Georgia. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill (S. 2162) to provide a health benefits program for Government employees, with Senate amendments to the House amendment. and concur in the Senate amendments.

The Clerk read the title of the bill.

The Clerk read the Senate amendments, as follows:

In lieu of subsection (a) of section 7 in-

"(a) Except as provided in paragraph (2) of this subsection, the Government contribution for health benefits for employees or annuitants enrolled in health benefits plans under this Act, in addition to the contributions required by paragraph (3), shall be 50 per centum of the lowest rates charged by a carrier for a level of benefits offered by a pian under paragraph (1) or paragraph (2)

of section 4, but (A) not less than \$1.25 or more than \$1.75 biweekly for an employee or annuitant who is enrolled for self alone, not less than \$3 or more than \$4.25 biweekly for an employee or annuitant who is enrolled for self and family (other than as provided in clause (C) of this paragraph), and (C) not less than \$1.75 or more than \$2.50 biweekly for a female employee or annuitant enrolled for self and family includ-

ing a nondependent husband.
"(2) For an employee or annuluant enrolled in a plan described under section 4 (3) or (4) for which the biweekly subscription charge is less than \$2.50 for an employee or annuitant enrolled for self alone or \$6 for an employee or annuitant enrolled for self and family, the contribution of the Government shall be 50 per centum of such subscription charge, except that if a nondependent husband is a member of the family of a female employee or annuitant who is enrolled for herself and family the contribution of the Government shall be 30 per centum of such subscription charge.

"(3) There shall be withheld from the salary of each enrolled employee and the annuity of each enrolled annuitant, and there shall be contributed by the Govern-ment, amounts (in the same ratio as the contributions of such employee or annuitant and the Government under paragraphs (1) and (2)) which are necessary for the administrative costs and the reserves provided

for by section 8(b).

"(4) There shall be withheld from the salary of each enrolled employee or annuity of each enrolled annuitant so much as is necessary, after deducting the contribution of the Government, to pay the total charge for his enrollment. The amount withheld from the annuity of an annuitant shall be equal to the amount withheld from the salary of an employee when both are enrolled in the same plan providing the same health benefits.

After section 13, insert a new section as follows:

"SEC. 14. (a) The Chairman of the Commission is authorized to appoint in grade 18 of the General Schedule of the Classification Act of 1949, as amended, an officer who shall have such functions and duties with respect to retirement, life insurance, and health benefits programs as the Commission shall prescribe. Such positions shall be in addition to the number of positions otherwise authorized by law to be placed in such

"(b) The rate of basic compensation of the Executive Director of the United States Civil Service Commission shall be \$19,000 per annum."

Renumber. section 14 as section 15. Renumber section 15 as section 16.

The SPEAKER. Is there objection to the request of the gentleman from Georgia?

Mr. REES of Kansas. Mr. Speaker, reserving the right to object—and I shall not object-I ask unanimous consent to extend my remarks at this point in the RECORD.

The SPEAKER. Is there objection to the request of the gentleman from Kansas?

There was no objection.

Mr. REES of Kansas. Mr. Speaker, may I direct the Members' attention to a statement which I made on the floor of the House when this legislation was approved by the House on September 1. I wish to reemphasize the fact that when the bill was referred to the House Post Office and Civil Service Committee after having passed the other body, it was unworkable and did not carry out the

intent of providing equitable benefits for all Federal employees.

After diligent study and lengthy hearings, our committee amended the Senate bill in order to provide legislation which is workable and which provided benefits for all Federal employees. The fact that the other body has agreed to the House language is further proof of the success of our efforts.

The chairman of the committee and myself worked for a number of days following our hearings and developed the draft which upon my motion was approved unanimously in our committee and the House also approved it overwhelmingly.

The three amendments which the Senate has made to this legislation do not relate to the basic proposal and I am prepared, therefore, to support these minor amendments, the affect of which

First. Make certain that the minimum amounts for the health plans provided for in the House bill will be available for the purpose of such plans over and above the 3 percent for reserve and 1 percent for administration.

Second. Makes a grade GS-18 position available if and when the Commission decides to combine the administration of the life insurance, retirement, and health benefits programs.

Third. Adjusts the salary of the Executive Director of the Civil Service Commission in line with what we have already done with administrative assistant secretaries of the several departments.

The SPEAKER. Is there objection to the request of the gentleman from Georgia?

(Mr. DAVIS of Georgia asked and was given permission to extend his remarks at this point in the RECORD.)

Mr. DAVIS of Georgia. Mr. Speaker, at the request of the chairman of our committee I am asking the unanimous consent of the House to take up S. 2162 which provides a health benefits program for Federal employees. House agreement will send the measure on its way to the White House, where I am sure it will be approved.

This bill represents the culmination of efforts of a number of years on the part of many Members of both Houses of Congress. I particularly would like to commend the chairman and the ranking minority member of our Committee on Post Office and Civil Service for bringing the bill to our committee in the form in which it was voted out unanimously, as well as our ranking majority Member, the distinguished gentleman from Louisiana [Mr. Morrison], and other sponsors of health benefits bills. Through their efforts and the work of the entire committee and the committee staff, a bill was developed which I believe represents general concensus of opinion developed during our detailed hearings on this complex problem. We wanted to be sure that the health program we approved would in fact be the kind of a program which would meet the various requirements of the 2 million Federal employees who are expected to participate voluntarily.

Briefly, these are the major provi-

The bill makes basic and extended health protection available to 2 million employees and their families—some 4.5 million individuals-with the Government contributing 50 percent, but not less than \$1.25 or more than \$1.75 biweekly for a single employee and not less than \$3 or more than \$4.25 biweekly for an employee and family, subject to certain special exceptions.

No physical examination is required, a separated employee may convert coverage to a private plan without such examination, and no one is excluded because of race, sex, health status, or-at first

opportunity to enroll-age.

There is free choice, to suit each employee's needs, among four health plans—a service plan, such as Blue Cross-Blue Shield; an indemnity plan, such as certain insurance companies offer; any one of several employee organization plans; and a comprehensive medical plan on either the group-practice or individual-practice prepayment basis. A wide range of hospital, surgical, medical, and related benefits will be provided, and both service and indemnity plans must have at least two levels of benefits.

The Senate amendment make these minor changes in the House-passed bill:

The minimum Government contributions in the House bill are earmarked for purchase of health plans, with small added contributions required of the Government and the employees for the 1 percent administrative cost and the 3 percent contingency reserve provided by the House bill. The chairman of the Civil Service Commission is authorized to appoint a grade GS-18 official with such retirement and health and life insurance program duties as the Commission prescribes. The compensation of the executive director of the Civil Service Commission is adjusted to \$19,000 annually, in accordance with what the Congress recently did for the administrative assistant secretaries of Govern-

ment departments.

The SPEAKER. Is there objection to the request of the gentleman from

Georgia?

There was no objection.

The Senate amendments to the House amendment were concurred in.

A motion to reconsider was laid on the table.

HODGENVILLE AND LARUE COUNTY. KY., AND THE ABRAHAM LINCOLN SESQUICENTENNIAL

(Mr. CHELF asked and was given permission to address the House for 1 minute and to revise and extend his re-

Mr. CHELF. Mr. Speaker, I want to congratulate Hodgenville and Larue County, Ky., on their participation in the Abraham Lincoln Sesquicentennial this year.

The bigthplace of Lincoln is located near this enterprising town whose fine officials and citizens have taken a great part in the celebration of this outstanding event. The progressive, cooperative spirit which prevades this splendid little community and with which its kind and hospitable citizens are imbued has prompted them to be significant participants in this event of national importance and magnitude. Their unselfish dedication to this cause elicits the admiration of all who love our country and its great leaders.

The Abraham Lincoln Birthplace Land Corp., of Hodgenville, Ky., devised a brilliant and imaginative plan by which the section of the Lincoln birthplace farm not owned by the Abraham Lincoln National Historical Park—the name of which is now officially changed to Abraham Lincoln's B'rthplace-is being released to schools, historical societies, prominent citizens, and individuals for their private ownership as historical heirlooms. It is a family keepsake, if you please, that can and will be handed down from generation to generation through the family so fortunate as to own its precious soil. In the words of the corporation:

This property has been divided into square pot sections to allow as many as possible to share in this wealth of American heritage * * * a treasure with national significance which can be passed from generation to generation with a pride of ownership second to none.

The truth of this is borne out by the fact that the deed which was issued to me, giving me actual fee simple title to 1 square foot, in section No. A-202-Parcel A, of the original Lincoln birthplace land, is now framed and hanging in a prominent place in my office here in Washington ington.

These planners are to be congratulated upon their wisdom and foresight in finding such a unique and interesting way to perpetuate the knowledge, understanding and love of Abraham Lincoln.

As their Congressman representing the Fourth Congressional Kentuck District, I take pride in giving recognition to all of those wonderful citizens of Larue County, Ky., who have had a part, large or small, during this Lincoln Sesqui centennial Year, in paying homage and tribute to the Great Emancipator.

tribute to the Great Emancipator.

Truly it is an honor to be able to serve such "salt of the earth" people here in the House of Representatives.

In conclusion, I feel I would be derelict in my duty if I did not say a few words of praise about the magnificent job that my fellow members on the National Lincoln Sesquicentennial Commission, operating here in Washington, have done. These members—Hon. John Sherman Cooper, U.S. Senator, Chairman: Hon, F. Jay Nimtz, Member of the following:

(2) An annuty commence on the day after the retired employee or Member dies, and such in subsection (b) and inserting in lieu there of the following: "The annuity of such survivor shall commence on the day after the retired employee or Member dies, and such in subsection (b) and inserting in lieu there of the following: "The annuity of such survivor shall commence on the day after the retired employee or Member dies, and such in subsection (b) and inserting in lieu there of the following: "The annuity of such survivor shall commence on the day after the retired employee or Member dies, and such annuity or any right thereto shall terminate on the last day of the month before the survivor shall commence on the day after the retired employee or Member dies, and such annuity or any right thereto shall terminate on the last day of the month before the survivor's shall commence on the day after the retired employee or Member dies, and such annuity or any right thereto shall terminate on the last day of the month before the survivor's death or remarriage."

(2) By striking out the second sentence in subsection (b) and inserting in lieu there of the following: "The annuity of the second sentence in subsection (b) and inserting in lieu there of the following: "The annuity of the second sentence in subsection (b) and inserting in lieu there of the following: "The annuity of the second sentence in subsection (b) and inserting in lieu there of the following: "The annuity of the second sentence in subsection (b) and inserting in lieu there of man; Hon. F. Jay Nimtz, Member of Congress, Vice Chairman; Prof. William E. Baringer, Executive Director; Miss Bertha S. Adkins; Hon. Leo E. Allen, Member of Congress; Victor M. Birely; Dr. Ralph J. Bunche; Hon. Frank Chelf, Member of Congress; Hon. Frank Church, U.S. Senator; Hon. Winfield K. Denton, Member of Congress; Dr. John S. Dickey; Hon. Everett M. Dirsken, U.S. Senator; Hon. Paul H. Douglas, U.S. Senator; John B. Fisher; Hon. William E. Jenner, U.S. Senator; Hon. Peter F. Mack, Jr., Member of Congress; Dr. R. Gerald McMurtry; Dr. L. Quincy

Mumford; Rev. Paul C. Reinert; Hon. John M. Robsion, Jr., Member of Congress; Walter N. Rothschild; Hon. Wil liam G. Stratton; Jouett Ross Todd; Dr. William H. Townsend; Conrad L. Wirth; Hon. Ralph Yarborough, U.S. Senatortogether with their modest but most able and alert staff have really compiled a record that any Commission authorized by Congress can truly be proud to pos-sess. As a concrete example of one of its many, many outstanding achievements, the U.S. Treasiry reports that it has minted and sold over four times as many of the new Lincoln penny this year as the number of the old original Lincoln penny. This brand new coin has the usual picture of Lincoln on it but there has been added on the reserve side. there has been added on the reverse side a beautiful design of the Lincoln Memorial. I salute Hodgenville, Larue County, our Kentucky Sesquicentennial Commission my colleagues on the Nation Commission, and all of our Lincoln Historians, collectors, individuals, societies, and organizations that have helped to pyoperly celebrate and to commemorate the 150th birthday of that Great American—Abraham Lincoln.

ADJUSTMUNT OF COMMENCING DATES OF CIVIL SERVICE RETIRE-MENT ANNUITIES

Mr. DULSKI. Mr. Speaker, I ask unanimous consent for the immediate consideration of the bill (H.R. 8289) to accelerate the commencing date of civil service retirement annuities, and for other purposes.

The Clerk read the title of the bill. The SPFAKER. Is there objection to the request of the gentleman from New

York?

There was no objection.

The Clerk read the bill, as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That (a) section 10 of the Civil Service Retirement Act (70 Stat. 754; 5 U.S.C. 2260) is amended-

(1) By striking out paragraph (2) of subsection (a) and inserting in lieu thereof the

following:

"(2) An annuity computed under this subsection shall commence on the day after the

(3) By striking out the second sentence in (3) By striking out the second sentence in subsection (c) and inserting in lieu thereof the following: "The annaity of such widow or dependent widower shall commence on the day after the employee or Member dies, and such annuity or any right thereto shall terminate on the last day of the month before (1) death or remarriage of the widow or widower (or (2) the widower's becoming capable of self-support."

(4) By striking out the third sentence in

(4) By striking out the third sentence in subsection (d) and inserting in lieu thereof the following: "The child's annuity shall commence on the day after the employee or Member dies, and such annuity or any right thereto shall terminate on the last day of





Public Law 86-382 86th Congress, S. 2162 September 28, 1959

AN ACT

To provide a health benefits program for Government employees.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may Federal be cited as the "Federal Employees Health Benefits Act of 1959". Employee

DEFINITIONS

Sec. 2. As used in this Act—

Employees Health Benefits Act of 1959. 73 STAT. 708.

(a) "Employee" means an appointive or elective officer or employee 73 STAT. 709. in or under the executive, judicial, or legislative branch of the United States Government, including a Government-owned or controlled corporation (but not including any corporation under the supervision of the Farm Credit Administration, of which corporation any member of the board of directors is elected or appointed by private interests), r of the municipal government of the District of Columbia, and includes an Official Reporter of Debates of the Senate and a person employed by the Official Reporters of Debates of the Senate in connection with the performance of their official duties, and an employee of Gallaudet College, but does not include (1) a member of a "uniformed service" as such term is defined in section 1072 of title 10 of 72 Stat. 1446. the United States Code, (2) a noncitizen employee whose permanentduty station is located outside a State of the United States or the District of Columbia, or (3) an employee of the Tennessee Valley Authority.

(b) "Government" means the Government of the United States of America (including the municipal government of the District of

Columbia).

(c) "Annuitant" means—

(1) an employee who on or after the effective date of the provisions referred to in section 16 retires on an immediate annuity, under the Civil Service Retirement Act or other retirement system 70 Stat. 736. for civilian employees of the Government, after twelve or more 5 USC 2251 years of service or for disability,

(2) a member of a family who receives an immediate annuity as the survivor of a retired employee described in clause (1) or of an employee who dies after completing five or more years of

(3) an employee who receives monthly compensation under the Federal Employees' Compensation Act as a result of injury 39 Stat. 742. sustained or illness contracted on or after such date of enactment 5 USC 751 and who is determined by the Secretary of Labor to be unable note.

to return to duty, and

(4) a member of a family who receives monthly compensation under the Federal Employees' Compensation Act as the surviving beneficiary of (A) an employee who, having completed five or more years of service, dies as a result of illness or injury compensable under such Act or (B) a former employee who is separated after having completed five or more years of service and who dies while receiving monthly compensation under such Act on account of injury sustained or illness contracted on or after such date of enactment and has been held by the Secretary of Labor to have been unable to return to duty.

For the purpose of this subsection, "service" means service which is creditable for the purposes of the Civil Service Retirement Act.

(d) "Member of family" means an employee's or annuitant's spouse and any unmarried child (1) under the age of nineteen years (includ-

ing (A) an adopted child, and (B) a stepchild or recognized natural child who lives with the employee or annuitant in a regular parentchild relationship), or (2) regardless of age who is incapable of self-support because of mental or physical incapacity that existed prior to his reaching the age of nineteen years.

73 STAT. 709. 73 STAT. 710.

(e) "Dependent husband" means a husband who is incapable of selfsupport by reason of mental or physical disability which can be ex-

pected to continue for more than one year.

(f) "Health benefits plan" means a group insurance policy or contract, medical or hospital service agreement, membership or subscription contract, or similar group arrangement provided by a carrier for the purpose of providing, paying for, or reimbursing expenses for health services.

(g) "Carrier" means a voluntary association, corporation, partnership, or other nongovernmental organization which is lawfully engaged in providing, paying for, or reimbursing the cost of, health services under group insurance policies or contracts, medical or hospital service agreements, membership or subscription contracts, or similar group arrangements, in consideration of premiums or other periodic charges payable to the carrier, including a health benefits plan du sponsored or underwritten by an employee organization.

(h) "Commission" means the United States Civil Service Com-

mission.

(i) "Employee organization" means an association or other organization of employees which—

(1) is national in scope or

(2) in which membership is open to all employees of a Government department, agency, or independent establishment who are eligible to enroll in a health benefits plan under this Act,

and which on or before December 31, 1959, applies to the Commission for approval of a plan provided for by section 4(3) of this Act.

ELECTION OF COVERAGE

Sec. 3. (a) Any employee may, at such time, in such manner, and under such conditions of eligibility as the Commission may by regulation prescribe, enroll in an approved health benefits plan described in section 4 either as an individual or for self and family. Such regulations may provide for the exclusion of employees on the basis of the nature and type of their employment or conditions pertaining thereto, such as, but not limited to, short-term appointments, seasonal or intermittent employment, and employment of like nature, but no employ or group of employees shall be excluded solely on the basis of the hazardous nature of their employment.

(b) Any annuitant who at the time he becomes an annuitant shall

have been enrolled in a health benefits plan under this Act—

(1) for a period not less than (A) the five years of service immediately preceding retirement or (B) the full period or periods of service between the last day of the first period, as prescribed by regulations of the Commission, in which he is eligible to enroll in such a plan and the date on which he becomes an annuitant, whichever is shorter, or

(2) as a member of the family of an employee or annuitant may continue his enrollment under such conditions of eligibility as

may be prescribed by regulations of the Commission.

(c) If an employee has a spouse who is an employee, either spouse (but not both) may enroll for self and family, or either spouse may enroll as an individual, but no person may be enrolled both as an employee or annuitant and as a member of the family.

(d) A change in the coverage of any employee or annuitant, or of any employee or annuitant and members of his family, enrolled in a health benefits plan under this Act may be made by the employee or annuitant upon application filed within sixty days after the occurrence of a change in family status or at such other times and under such conditions as may be prescribed by regulations of the Commission.

(e) A transfer of enrollment from one health benefits plan described in section 4 to another such plan may be made by an employee or annuitant at such times and under such conditions as may be pre-

scribed by regulations of the Commission.

HEALTH BENEFITS PLANS

Sec. 4. The Commission may contract for or approve the following

health benefits plans:

(1) Service benefits Plan.—One Government-wide plan (offering two levels of benefits) under which payment is made by a carrier under contracts with physicians, hospitals, or other providers of health services for benefits of the types described in section 5(1) rendered to imployees or annuitants, or members of their families, or, under certain conditions, payment is made by a carrier to the employee or annuitant or member of his family.

(2) INDEMNITY BENEFIT PLAN.—One Government-wide plan (offering two levels of benefits) under which a carrier agrees to pay certain sums of money, not in excess of the actual expenses incurred, for bene-

fits of the types described in section 5(2).

(3) EMPLOYEE ORGANIZATION PLANS.—Émployee organization plans which offer benefits of the types referred to in section 5(3), which are sponsored or underwritten, and are administered, in whole or substantial part, by employee organizations, which are available only to persons (and members of their families) who at the time of enrollment are members of the organization, and which on July 1, 1959, provided health benefits to members of the organization.

(4) COMPREHENSIVE MEDICAL PLANS.—

(A) Group-practice prepayment plans.—Group-practice prepayment plans which offer health benefits of the types referred to in section 5(4), in whole or in substantial part on a prepaid basis, with professional services thereunder provided by physicians practicing as a group in a common center or centers. Such a group shall include physicians representing at least three major medical specialties who revive all or a substantial part of their professional income from the

repaid funds.

(B) Individual-practice prepayment plans which offer health services in whole or substantial part on a prepaid basis, with professional services thereunder provided by individual physicians who agree, under certain conditions approved by the Commission, to accept the payments provided by the plans as full payment for covered services rendered by them including, in addition to in-hospital services, general care rendered in their offices and the patients' homes, out-of-hospital diagnostic procedures, and preventive care, and which plans are offered by organizations which have successfully operated such plans prior to approval by the Commission of the plan in which employees may enroll.

TYPES OF BENEFITS

Sec. 5. The benefits to be provided under plans described in section 4 may be of the following types:

(1) SERVICE BENEFIT PLAN.

(A) Hospital benefits.
(B) Surgical benefits.
(C) In-hospital medical benefits. (D) Ambulatory patient benefits.
 (E) Supplemental benefits.

(F) Obstetrical benefits.

(2) Indemnity benefit plan.—

(A) Hospital care.

(B) Surgical care and treatment.(C) Medical care and treatment.

(D) Obstetrical benefits.
 (E) Prescribed drugs, medicines, and prosthetic devices.

(F) Other medical supplies and services.

(3) EMPLOYEE ORGANIZATION PLANS.—Benefits of the types specified in this section under paragraph (1) or (2) or both.

(4) Comprehensive Medical Plans.—Benefits of the types specified

in this section under paragraph (1) or (2) or both.

All plans contracted for under paragraphs (1) and (2) shall include benefits both for costs associated with care in a general hospital and for other health service costs of a catastrophic nature.

CONTRACTING AUTHORITY

Sec. 6. (a) The Commission is authorized, without regard to section 3709 of the Revised Statutes or any other provision of law requiring competitive bidding, to enter into contracts with qualified carriers offering plans described in section 4. Each such contract shall be for a uniform term of at least one year, but may be made automatically renewable from term to term in the absence of notice of termination by either party.

(b) (1) To be eligible as the carrier for the plan described in section 4(2), a company must be licensed to issue group health insurance in

all the States of the United States and the District of Columbia.

(2) Each contract for a plan described in paragraph (1) or (2) of

section 4 shall require the carrier—

(A) to reinsure with such other companies as may elect to participate, in accordance with an equitable formula based on the total amount of their group health insurance benefit payments h the United States during the latest year for which such information is available, to be determined by the carrier and approved by the Commission, or

(B) to allocate its rights and obligations under the contract among such of its affiliates as may elect to participate, in accordance with an equitable formula to be determined by the carrier

and such affiliates and approved by the Commission.

(c) Each contract under this Act shall contain a detailed statement of benefits offered and shall include such maximums, limitations, exclusions, and other definitions of benefits as the Commission may deem necessary or desirable.

(d) The Commission is authorized to prescribe regulations fixing reasonable minimum standards for health benefits plans described in section 4 and for carriers offering such plans. Approval of such a plan shall not be withdrawn except after notice, and opportunity for hearing without regard to the Administrative Procedure Act, to the 5 USC 1001 note. carrier or carriers concerned.

141 USC 5.

60 Stat. 237.

-5-73 STAT. 713.

(e) No contract shall be made or plan approved which excludes any person because of race, sex, health status, or, at the time of the

first opportunity to enroll, because of age.

(f) No contract shall be made or plan approved which does not offer to each employee and annuitant whose enrollment in the plan is terminated, other than by a cancellation of enrollment, a temporary extension of coverage during which he may exercise the option to convert, without evidence of good health, to a nongroup contract providing health benefits. An employee or annuitant who exercises this option shall pay the full periodic charges of the nongroup contract, on such terms or conditions as are prescribed by the carrier and approved by the Commission.

(g) The benefits and coverage made available pursuant to the provisions of subsection (f) shall, at the option of the employee or annuitant, be noncancelable by the carrier except for fraud, overin-

surance, or nonpayment of periodic charges.

(h) Rates charged under health benefits plans described in section 4 shall reasonably and equitably reflect the cost of the benefits provided. ates under health benefits plans described in section 4 (1) and (2) all be determined on a basis which, in the judgment of the Commission, is consistent with the lowest schedule of basic rates generally charged for new group health benefit plans issued to large employers; rates determined for the first contract term shall be continued for subsequent contract terms, except that they may be readjusted for any subsequent term, based on past experience and benefit adjustments under the subsequent contract; any readjustment in rates shall be made in advance of the contract term in which they will apply and on a basis which, in the judgment of the Commission, is consistent with the general practice of carriers which issue group health benefit plans to large employers.

CONTRIBUTIONS

Sec. 7. (a) (1) Except as provided in paragraph (2) of this subsection, the Government contribution for health benefits for employees or annuitants enrolled in health benefits plans under this Act, in addition to the contributions required by paragraph (3), shall be 50 per centum of the lowest rates charged by a carrier for a level of benefits offered by a plan under paragraph (1) or paragraph (2) of section 4, but (A) not less than \$1.25 or more than \$1.75 biweekly for an employee or annuitant who is enrolled for self alone, (B) not s than \$3 or more than \$4.25 biweekly for an employee or annuitant ho is enrolled for self and family (other than as provided in clause (C) of this paragraph), and (C) not less than \$1.75 or more than \$2.50 biweekly for a female employee or annuitant enrolled for self

and family including a nondependent husband.

(2) For an employee or annuitant enrolled in a plan described under section 4 (3) or (4) for which the biweekly subscription charge is less than \$2.50 for an employee or annuitant enrolled for self alone or \$6 for an employee or annuitant enrolled for self and family, the contribution of the Government shall be 50 per centum of such subscription charge, except that if a nondependent husband is a member of the family of a female employee or annuitant who is enrolled for herself and family the contribution of the Government shall be 30 per centum of such subscription charge.

(3) There shall be withheld from the salary of each enrolled employee and the annuity of each enrolled annuitant, and there shall be contributed by the Government, amounts (in the same ratio as the contributions of such employee or annuitant and the Government

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under paragraphs (1) and (2)) which are necessary for the admin-

istrative costs and the reserves provided for by section 8(b).

(4) There shall be withheld from the salary of each enrolled employee or annuity of each enrolled annuitant so much as is necessary, after deducting the contribution of the Government, to pay the total charge for his enrollment. The amount withheld from the annuity of an annuitant shall be equal to the amount withheld from the salary of an employee when both are enrolled in the same plan providing the same health benefits.

(b) An employee enrolled in a health benefits plan under this Act who is placed in a leave without pay status may have his coverage and the coverage of members of his family continued under such plan for a period not to exceed one year in accordance with regulations prescribed by the Commission. Such regulations may provide for the

waiving of contributions by the employee and the Government.

(c) The sums authorized to be contributed by the Government with respect to any employee shall be paid from-

(1) the appropriation or fund which is used for payment of

the salary, wage, or other compensation of such employee,

(2) in the case of an elected official, from such appropriation or fund as may be available for payment of other salaries of the same office or establishment,

(3) in the case of an employee in the legislative branch whose salary, wage, or other compensation is disbursed by the Clerk of the House of Representatives, from the contingent fund of the House, and

(4) in the case of an employee in a leave without pay status, from the appropriation or fund which would be used for the payment of the salary of such employee if he were in a pay status.

The sums authorized by subsection (a) (1) to be contributed by the Government with respect to any annuitant shall be paid from annual appropriations which are hereby authorized to be made for such purpose.

d) The Commission shall provide for conversion of rates of contribution specified in this section in the cases of employees and annuitants paid on other than a biweekly basis, and for this purpose may

provide for adjustment of any such rate to the nearest cent.

EMPLOYEES HEALTH BENEFITS FUND

Sec. 8. (a) There is hereby created an Employees Health Benefit Fund, hereinafter referred to as the "Fund", to be administered by the Commission, which is hereby made available without fiscal year limitation for all payments to approved health benefits plans. contributions of employees, annuitants, and the Government described

in section 7 shall be paid into the Fund.

(b) Portions of the contributions made by employees, annuitants, and the Government shall be regularly set aside in the Fund as follows: (1) a percentage, not to exceed 1 per centum of all such contributions, determined by the Commission as reasonably adequate to pay the administrative expenses made available by section 9; (2) for each health benefits plan, a percentage, not to exceed 3 per centum of the contributions toward such plan, determined by the Commission as reasonably adequate to provide a contingency reserve. The income derived from any dividends, rate adjustments, or other refunds made by a plan shall be credited to its contingency reserve. The contingency reserves may be used to defray increases in future rates, or may be applied to reduce the contributions of employees and the Government to, or to increase the benefits provided by, the plan from which such reserves are derived, as the Commission shall from time to time determine.

(c) The Secretary of the Treasury is authorized to invest and reinvest any of the moneys in the Fund in interest-bearing obligations of the United States and to sell such obligations of the United States for the purposes of the Fund. The interest on and the proceeds from the sale of any such obligations shall become a part of the Fund.

ADMINISTRATIVE EXPENSES

Sec. 9. (a) There are hereby authorized to be expended from the Employees' Life Insurance Fund, without regard to limitations on expenditures from that Fund, for the fiscal years 1960 and 1961, such sums as may be necessary to pay administrative expenses incurred by Commission in carrying out the health benefits provisions of this

t. Reimbursements to the Employees' Life Insurance Fund for sums so expended, together with interest at a rate to be determined by the Secretary of the Treasury, shall be made from the Employees

Health Benefits Fund.

(b) The Employees Health Benefits Fund is hereby made available (1) to reimburse the Employees' Life Insurance Fund for sums expended by the Commission in administering the provisions of this Act for the fiscal years 1960 and 1961 and (2), within such limitations as may be specified annually by the Congress, to pay such expenses for subsequent fiscal years.

ADMINISTRATION

Sec. 10. (a) The Commission is authorized to promulgate such regulations as may be necessary to carry out the provisions of this Act.

(b) Regulations of the Commission shall include regulations with respect to the beginning and ending dates of coverage of employees and annuitants and members of their families under health benefits plans, and for such purpose may permit such coverage to continue, exclusive of the temporary extension of coverage described in section 6(f), until the end of the pay period in which an employee is separated

om service or until the end of the month in which an annuitant ases to be entitled to annuity, and in case of the death of such employee or annuitant may permit a temporary extension of the coverage of the members of his family for a period not to exceed ninety

days.

(c) Any employee enrolled in a plan under this Act who is removed or suspended without pay and later reinstated or restored to duty on the ground that such removal or suspension was unjustified or unwarranted shall not be deprived of coverage or benefits for the interim but shall have his coverage restored to the same extent and effect as though such removal or suspension had not taken place, and appropriate adjustments shall be made in premiums, subscription charges, contributions, and claims.

(d) The Commission shall make available to each employee eligible to enroll in a health benefits plan under this Act such information, in a form acceptable to the Commission after consultation with the carrier, as may be necessary to enable such employee to exercise an informed choice among the types of plans referred to in section 4. Each employee enrolled in such a health benefits plan shall be issued an appropriate document setting forth or summarizing the services or benefits (including maximums, limitations, and exclusions), to which the employee, or the employee and members of his family, are entitled thereunder, the procedure for obtaining benefits, and the principal provisions of the plan affecting the employee or members of his family.

STUDIES, REPORTS, AND AUDITS

Sec. 11. (a) The Commission shall make a continuing study of the operation and administration of this Act, including surveys and reports on health benefits plans available to employees and on the

experience of such plans.

(b) The Commission shall include provisions in contracts with calriers which would require carriers to (1) furnish such reasonable reports as the Commission determines to be necessary to enable it to carry out its functions under this Act, and (2) permit the Commission and representatives of the General Accounting Office to examine records of the carriers as may be necessary to carry out the purposes of this Act.

(c) Each Government department, agency, and independent establishment shall keep such records, make such certifications, and furnish the Commission with such information and reports as may be necessary to enable the Commission to carry out its functions under this Act.

REPORTS TO CONGRESS

SEC. 12. The Commission shall transmit to the Congress annually a report concerning the operation of this Act.

ADVISORY COMMITTEE

Sec. 13. The Chairman of the Commission shall appoint a committee composed of five members who shall serve without compensation, to advise the Commission regarding matters of concern to employees under this Act. Each member of such committee shall be a employee enrolled under this Act or an elected officer of an employee organization.

Sec. 14. (a) The Chairman of the Commission is authorized to appoint in grade 18 of the General Schedule of the Classification Act of 1949, as amended, an officer who shall have such functions and duties with respect to retirement, life insurance, and health benefits programs as the Commission shall prescribe. Such positions shall be in addition to the number of positions otherwise authorized by law to be placed in such grade.

(b) The rate of basic compensation of the Executive Director of the United States Civil Service Commission shall be \$19,000 per annum.

63 Stat. 954. 5 USC 1071 note.

JURISDICTION OF COURTS

SEC. 15. The district courts of the United States shall have original jurisdiction, concurrent with the Court of Claims, of any civil action or claim against the United States founded upon this Act.

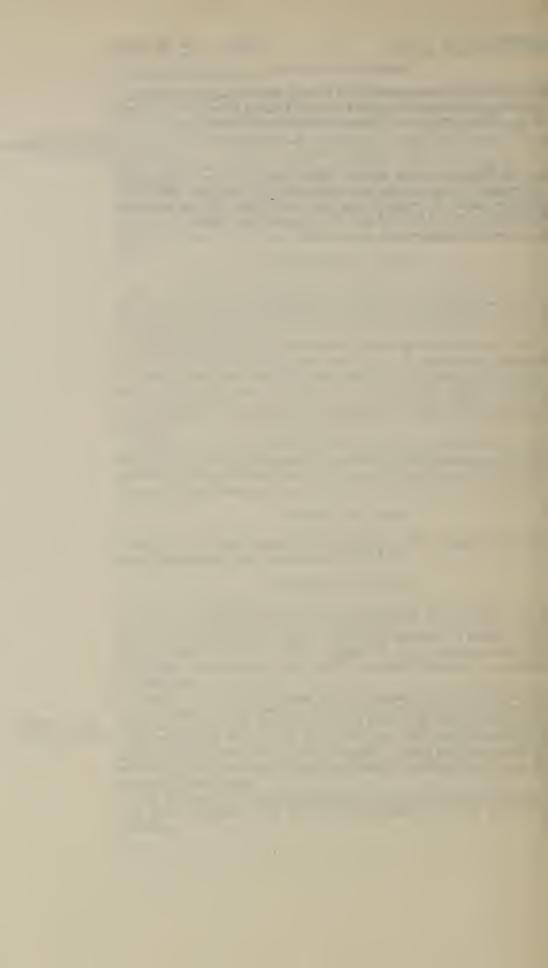
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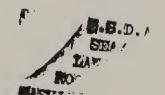
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SEC. 16. The provisions of this Act relating to the enrollment of employees and annuitants in health benefits plans and the withholding and payment of contributions shall take effect on the first day of the first pay period which begins on or after July 1, 1960.

Approved September 28, 1959.





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